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IN THE MATTER OF The Public Inquiries Act, being Chapter 258 of The Revised Statutes of Alberta, 1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission into the matters set out in Order-in-Council 861/67 respecting the use or attempted use by the Honourable Alfred J. Hooke of his office as a member of the Executive Council of Alberta, and the use or attempted use by Edgar W. Hinman of his office as a member of the Executive Council of Alberta.

PROCEEDINGS BEFORE THE HONOURABLE MR. JUSTICE W. J. C. KIRBY

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W. ALAN SHORT, ESQ.,
Clerk to the Commission.

VOLUME No. 36

DATE November 15, 1967
(Pages 3800 - 3918)

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EDMONTON, ALBERTA

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W. Hawrelak - Clement Ex.

PROCEEDINGS before The Honourable
Mr. Justice W. J. C. Kirby, this
15th day of November, A. D. 1967, at
9:00 o'clock, in the morning, at the
Court House, in the City of Edmonton,
Province of Alberta.

MR. CLEMENT: I call Mr. Hawrelak please.

MR. GILL: Just before that Mr. Commissioner,
Mr. Clement and gentlemen, I have been afforded the
privilege of looking through the Local Authorities File that
Mr. Macgregor brought before us early this morning and I find
nothing in it on which to examine Mr. Macgregor.

THE COMMISSIONER: Thank you Mr. Gill.

MR. GILL: Thank you sir.

WILLIAM HAWRELAK, sworn, examined by Mr. Clement:

Q Mr. Hawrelak, during the year 1954 you were Mayor of the
City of Edmonton?

A I was, sir.

Q We are concerned with one or two matters, sir, which I
believe came within your term of office.

The first one I wish to direct your attention to concerns
an exchange of property which, according to the evidence,
had been initiated by the officials of the City of Edmonton,
an exchange of property owned by Mr. Hooke in Capilano for
property owned by the City in the Bronx and that
transaction was, according to the documents, completed,
initiated and completed in 1954 and there is documentation
dated May of that year.

1-P-2

W. Hawrelak - Clement Ex.

Q (cont.)

I produce to you Exhibit 63, a Memo dated May 13th, 1954 apparently signed by you as Mayor.

Do you have any recollection Mr. Hawrelak of this transaction?

A I don't have any recollection Mr. Clement. I see by the document it is my signature so therefore the transaction must have taken place.

Q Yes, you don't recall any attendance by Mr. Hooke on you in connection with this matter?

A No I don't. I don't.

Q The Memo is in part typed but there is also a concluding sentence added in handwriting 'He will also sign an appropriate building commitment.' is that in your hand, sir?

A Yes, it is my handwriting.

Q And how did that Memo come to be added by you to that document?

A Well, it was the policy of the City Mr. Clement that anyone buying City property will have to sign a building commitment and I noticed this was not on this recommendation and I automatically added that as a condition of my approval.

Q Sort of a routine compliance with City policy?

A That is correct, yes.

Q I show you Exhibit 61, a document dated May 18th, 1954. Mr. Menzies told the Inquiry that on examination of the original of this document it bore your initials which are faintly indicated on the bottom right hand corner. Have you any

1-P-3

W. Hawrelak - Clement Ex.

Q (Cont.) particular recollection of this instant?

A I have no recollection Mr. Clement but I wouldn't doubt it would bear my initial, this would be the usual routine way by which these matters were dealt with at the time.

Q Yes, and as far as your memory serves you, at no time did Mr. Hooke or Mr. Campbell attend on you in connection with this transaction?

A I do not recall anything about that Mr. Clement.

Q Now, there is in evidence a letter which you would not be familiar with, it is Exhibit 392 and it was put in evidence by Mr. Justice Morrow, as he now is, as a copy of a letter received by him from Norman Rault who, in the period from 1955 to 1958 had the position of Industrial Director and Superintendent of the Land Department of the City. That was during your term of office?

A That is right.

Q And this letter concerns a negotiation, I guess, as far as I can categorize it, a negotiation between the City for an exchange of property owned by Ideal Homes in Wellington Park subdivision for other property in the Bronx. According to this letter, Exhibit 392, the matter had progressed so far that the officials of Ideal Homes had thought they had made a firm deal for an exchange of the Wellington Park property for the Bronx property and in anticipation of completion had started to dismantle buildings which Ideal Homes had on the Wellington Park property preparatory to moving their plant and establishment over to the Bronx property. In point of

1-P-4

W. Hawrelak - Clement Ex.

Q (Cont.) fact this fell through, there had been no paper work and because of zoning problems the City in the end result declined to provide this Bronx property to Ideal Homes in exchange for the Wellington Park property.

Now, this subsequently became a matter of some substantial complaint by Ideal Homes and Mr. Hooke pressed this claim against the City, particularly at a subsequent date.

Now, have you any recollection or information about this transaction and particularly the deal that was tried to be made between Ideal Homes and the City on this exchange?

I should say for your information Mr. Hawrelak that Mr. Menzies gave testimony that he was the Commissioner in charge of these matters at the time and that the matter came before him to the extent shown in his testimony. I merely inquire whether in your recollection it came before you at all?

A Mr. Clement, I don't recall it came before me. The next time... I think I saw something about this matter way later in 1964 but for me to say precisely I recall anything having taken place at this time, ten years earlier, I would say no I don't recall it but, sometimes you are not sure whether your memory is coloured by what you see or what you are told at the time and I would say my recollection is that I don't recall. It is a poor way to say it.

Q In particular do you have any recollection of Mr. Hooke or

1-P-5

W. Hawrelak - Clement Ex.

Q (Cont.) Mr. Campbell or any officers of Ideal Homes seeing you about this exchange?

A No, I don't recall anybody seeing me.

Q Then I show you Exhibit 101 which is a report by the Commissioners to the Aldermen of the City of Edmonton dated April 27th, 1964 and this deals with a proposed exchange between the City and Ideal Homes, an exchange of Ideal Homes property in Wellington Park for City owned property in Buena Vista, down in this area?

1-B-1

W. Hawrelak - Clement Ex.

A Yes, I have read the document. Now, your question, Mr. Clement?

Q Mr. Menzies, pardon, Mr. Hamilton stated that that report to the Aldermen had been in fact prepared by you but obviously it was concurred in by the other Commissioners, including yourself as Mayor?

A May I correct you, did you say prepared by me?

Q No, prepared by Mr. Hamilton.

A I am sorry.

Q But concurred in by the Commissions, including yourself as Mayor. This report, as I recall the contents of it, recommended, recommended the proposed exchange between the Ideal Homes Wellington Park property and the City Buena Vista property; Mr. Hamilton, for your information, also went on to say that the Ideal Homes group were interested in the exchange only if the Buena Vista property of the City were re-zoned from the highly special residential zoning to ordinary R1, so that upon such re-zoning a nursing home could be built on that property: now, with that information to refresh your memory, if it does at all, do you have any recollection of this affair?

A Yes, I have some recollection of this particular proposed exchange or transaction.

Q What circumstances do you recall of it, sir?

A Well, I think I recall Mr. Hooke and a Mr. Wener, W-e-n-e-r.

Q Yes, his name has been mentioned as someone from Calgary.

A Yes, and Mr. Hamilton in my office some time previous to this report of April 27th 1964, and we had a discussion. I don't

1-B-2

W. Hawrelak - Clement Ex.
- Gill Ex.

A (Cont.) recall the particulars of the discussion at that time but the result of it was that Mr. Hamilton was working with Ideal Homes to see how they could be, how the exchange could be made.

Q Yes, but you don't have any recollection of any, anything particular said during the course of this meeting?

A No, I don't.

Q This was Mr. Hamilton's portfolio, so to speak, Town Planning and everything related to that?

A That is correct. As I recall it Mr. Hooke and Mr. Wener came to my office and I immediately asked Mr. Hamilton, asked for Mr. Hamilton, and we had a discussion, I don't know the details of it, I don't recall the details of it, but Mr. Hamilton proceeded from there on to see what he could do.

Q Yes, so that it was left to him?

A It was left to him to work it out.

Q Yes, and he has already given his evidence. Will you answer my friends, please?

THE COMMISSIONER: Mr. Gill?

MR. GILL EXAMINES THE WITNESS:

Q Thank you, Mr. Commissioner. Mr. Hawrelak, when were you Mayor of the City of Edmonton, during what periods?

A 1951 to 1959, and 1963 to March of 1965.

Q When in 1963?

A Pardon me?

Q When in 1963?

A About the latter part of October.

1-B-3

W. Hawrelak - Gill Ex.

Q The election in the fall of that year?

A That's right.

Q And do you know Mr. Hooke?

A Yes sir.

Q How long have you known him?

A Oh, I suppose I have known him, known him to see him since 1935.

Q Yes, I see.

A Or shortly after the election of 1935.

Q Have you had business dealings with Mr. Hooke?

A No. Personal business dealings?

Q Personal business dealings?

A No.

Q Has he been associated in any companies that you have been associated with?

A Not to my knowledge, sir.

Q I see. Were you ever a shareholder of North West Trust Company?

A No sir.

Q And you know Mr. John Campbell?

A Yes sir.

Q And how long have you known Mr. John Campbell?

A A somewhat shorter period than that, that I have known Mr. Hooke.

Q What did you know of the relationship between John Campbell and A. J. Hooke?

A I cannot say, Mr. Gill, that I knew of the relationship. I

1-B-4

W. Hawrelak - Gill Ex.

A (Cont.) supposed there was a relationship.

Q What was the relationship that you supposed, sir?

A Well, he spoke, they were in some company together perhaps, but I have no proof for that at all.

Q But you felt Campbell was speaking for Mr. Hooke?

A At times, yes, I felt on certain occasions Mr. Campbell might have been speaking for Mr. Hooke.

Q I see, were you ever made aware of an eighteen page document presented by Mr. Hooke sometime in probably December of 1964 through Commissioner Hamilton, December 1962, I am sorry, it is Exhibit 379 in these proceedings, and it sets out in Mr. Hooke's terms what he thought was the situation of Ideal Homes Limited?

A I saw a document in 1964 and I cannot say if it was a document in 1962 at all because I was not in office in 1962.

Q No, I realize that, but you do recall some dispute between Ideal Homes Limited and the City of Edmonton while you were the Chief Officer of the City of Edmonton?

A Yes, I do.

Q Did Mr. Hooke ever discuss this problem with you?

A Well, the one that I recollect, Mr. Gill, was sometime prior to the writing of this report of April 27th 1964, you see. This report speaks for itself.

Q Yes?

A And it has my concurrence at that time.

Q That was when you were hoping to exchange land?

A That's right.

1-B-5

W. Hawrelak - Gill Ex.

Q Now, I am showing you a copy of Exhibit 379, Mr. Hawrelak, it is an eighteen page document and the document I was speaking to you about.

A Did you want me to read it?

Q No, just glance through it quickly and see if it brings to mind the fact that you saw it when you came into office in October of 1963?

MR. CLEMENT: When was the Finance Committee meeting that this was put before?

MR. GILL: August 1964 I believe, Mr. Clement.

MR. MAYNARD: December 1963.

MR. CLEMENT: That was the Finance Committee meeting?

A Yes, Mr. Gill, I have looked it over.

Q MR. GILL: You have looked at this briefly?

A That's right, sir.

Q In this document, Mr. Hawrelak, Mr. Hooke makes a number of references to you. On page 4 in describing what was his version of the Ideal Homes problem he says:

"It was at this juncture that the company, Ideal Homes, appealed directly to the Mayor Hawrelak and acquainted him with the facts surrounding the case. Mayor Hawrelak agreed that a permit should be granted to us to operate on a temporary basis from our own site ..."

This was early in 1952, sir,

"... and stated also that the permit would be renewed until actual zoning took place. He stated ..."

and this is referring to you, sir,

1-B-6

W. Hawrelak - Gill Ex.

Q (Cont.) " ... further that if the final re-zoning was not in keeping with the nature of our enterprise the City would arrange an exchange of property in keeping with the letter already referred to and in accordance with a well recognized City policy."

Now, do you recall any of those events?

A I don't specifically recall any of those events, Mr. Gill, but if the report or the -

Q Well, it is Mr. Hooke's letter.

A Yes, or the letter, talks about a well known City policy of helping people being relocated, that was true, and although I don't recall it, but at the same time I would not doubt it at all that that could have taken place. Any citizen that we relocated, not as a matter of legal right on the part of the citizen at all, but as a matter of assisting a citizen to be relocated.

Q I see, so that you as early as 1952 were familiar with Ideal Homes Limited then?

A Well, I am sure that somewhere along the line I was familiar with it, because the documents show that. I don't recall the details of it but undoubtedly I would have been familiar with it.

Q Did you know a Major Briscoe of the Acme Pipe and Supply Company?

A I don't recall the gentleman but -

Q I see, I realize that -

A He must have been in existence, Mr. Gill.

1-B-7

W. Hawrelak - Gill Ex.

Q Mr. Hooke in Exhibit 379 at the bottom of page 5 and the top of page 6, referring to Major Briscoe of that company, and this is in approximately 1954, says:

"He ..."

Major Briscoe,

"... took the problem to Mayor Hawrelak the same day and was assured by the Mayor that if the Acme Pipe and Supply Company consummated an agreement to purchase Ideal Homes the promise made to Ideal Homes regarding an exchange of property would be honored."

Do you recall any such promise by you as Mayor of Edmonton, to exchange land with Ideal Homes?

A Mr. Gill, I don't recall this specifically, this specific detail on the transaction, but this was the recognized policy of the City, that if you were located in an area that we wanted to re-zone or do something with, by virtue of the fact that we had a lot of vacant land that was similar in use or non-use, and the City owned the land in many areas, we had a policy then that we would help the citizen to be relocated, so I could not deny that this was not stated by me because this is what was a policy of the City, but I don't recall having stated it.

Q I see, and Mr. Hooke says again on page 6 of Exhibit 379:

"Immediately following Major Briscoe's visit to the Mayor's office Mr. Hawrelak phoned me and told me about his assurance to Major Briscoe and stated that he had asked Commissioner Menzies, Mr. Rault, and the Town Planner

1-B-8

W. Hawrelak - Gill Ex.

Q (Cont.) to find a suitable site for an exchange as soon as possible."

Do you recall that telephone conversation?

A No, I don't recall the conversation, Mr. Gill, to be honest about it, but as I say this could have happened and it has happened with any citizen at that time because of the vast areas of land that we had available for such purposes.

Q And you, the Mayor, would pick up the telephone and call the citizen?

A Oh, yes, indeed so.

Q I see, because it is an elected office?

A Pardon me?

Q It is an elected office, or it was?

A Oh, yes, it is an important democratic office, Mr. Gill.

Q Don't let Mr. Bowen intimidate you. Mr. Hooke on page 9 of this document states:

"Mayor Hawrelak instructed City officials to search for such a site and thereafter Mr. Brown, the Chief City Planner, phoned me and asked me to come to his office to study a map in which a hotel site had been designated."

Do you recall any discussions with Mr. Hooke about a hotel?

A I don't specifically Mr. Gill, no.

Q I see.

A But, again, if the records show that then I would have to say I cannot deny it either because I don't recall specifically.

Q You just don't recall. Do you know a Mr. C. A. Cotton who apparently, I am looking at Exhibit 100 in these proceedings,

1-B-9

W. Hawrelak - Gill Ex.

Q (Cont.) when a Mr. C. A. Cotton, the General Manager of some group, and apparently a hotel group wrote Mr. John Campbell and had been instructed, I am reading from Exhibit 100, to make an offer to purchase to Campbell of the property known as 13234 - 127th Street, Edmonton, which was the Ideal Homes property that they had bought, and they offered fifty thousand provided it could be made into a hotel location: do you know anything about that, sir?

A No, I don't.

Q I see, you have been interested in hotels from time to time?

A Oh, yes.

Q And you were not interested personally in this particular venture of Mr. Cotton's?

MR. CLEMENT: Now, Mr. Commissioner, we are inquiring into Mr. Hooke's affairs, not Mr. Hawrelak's.

MR. GILL: Well, I think it is a proper question, I submit, Mr. Commissioner. It is in as an Exhibit and it ties back to Mr. Campbell and I just wondered if Mr. Hawrelak had any interest in that particular group.

THE COMMISSIONER: Which group is that?

MR. GILL: That is the Cotton, G. A. Cotton, or C. A. Cotton, the General Manager of a hotel group that made an offer to Campbell October 17th '57 of \$50,000.00 for the property on 127th Street provided it could be made into a hotel site.

A The answer, Mr. Gill, is no.

THE COMMISSIONER: I don't think there is anything wrong

1-B-10

W. Hawrelak - Gill Ex.

THE COMMISSIONER: (Cont.) with that question. Go ahead, Mr. Hawrelak.

Q MR. GILL: I beg your pardon?

A The answer is no.

Q It takes a long time to get it sometimes. Now then, on page 10 of Mr. Hooke's report, Exhibit 379, he says:

"About the time that Mayor Hawrelak resigned ..."
and that would be I take it in March of 1965?

A I had two important occasions, Mr. Gill, in my tenure of office, I would like you to be more specific; one was the resignation, and the other was the disqualification.

Q Well, the resignation was in March of 1965?

A No.

Q That was the disqualification?

A That is right.

Q And your resignation was sometime in 1959?

A That is correct.

Q Do you remember when in 1959?

A The month of September, I don't recall the specific date, it might be September 9th.

Q Well then, sometime in September of 1959 you resigned; do you recall discussing the Ideal Homes case with either Mr. Hooke or Mr. Menzies?

A At what time?

Q Just before or at the time you resigned from the office of Mayor of the City of Edmonton?

A No, I don't specifically recall it.

1-B-11

W. Hawrelak - Gill Ex.

Q I see, do you recall meeting with the City Commissioners, the Land Committee of the Council, Mr. McClary, Dr. Weinlos and Mrs. Kiniski and Mr. Hooke concerning Ideal Homes?

A I don't specifically recall it, Mr. Gill, but the documents would show those present and if I was marked present then I was there, and if this was on the agenda I would have been there and I would have taken part in the discussion.

Q Did you ever meet with Mr. Hooke outside of the City Council or City Hall chambers and discuss the Ideal Homes problem privately?

A I don't specifically recall we did, no.

Q Did Mr. Hooke keep after you about the Ideal Homes, about a settlement on the Ideal Homes problem?

A I can't really say that he did, I don't recall him being after me. I suppose it might, and I don't recall this, I am saying now when I recast my mind backward, from the information that is before me, that it could be, I suppose, normal for him to call me and say "How is this progressing?", but I don't specifically recall it.

Q I see, you don't recall whether he did or he didn't?

A That is correct.

Q I see, and the exchange for the land in Capilano many years ago, Mr. Clement brought to your attention, you have no recollection?

A I have no recollection of that.

Q You don't recall telephoning Mr. Hooke about the exchange for the Capilano land?

1-B-12

W. Hawrelak - Gill Ex.

A No, I don't.

Q I see. Did you feel you were getting cooperation from Mr. Hooke at all times in the Ideal Homes problem?

A I think on looking back at the records, that certainly in the first transaction we did get cooperation from Mr. Hooke, and looking, casting my mind back again and looking at the results that transpired at that time, the City benefited from Mr. Hooke's transaction.

Q That is the exchange of his land in Capilano?

A That's right.

Q For land in the Bronx where an industrial site was built on?

A That is correct.

1-M-1

W. Hawrelak - Gill Ex.

Q Now, what about the transaction, the long and protracted transactions between Ideal Homes and the City of Edmonton? Do you think that then you received co-operation --- .

A With respect to what transaction?

Q Well, Mr. Hooke wanting, for and on behalf of Ideal Homes, an exchange of land with the City of Edmonton, providing certain rezoning would take place.

A Are you speaking with respect to the claim that Mr. Hooke tried to --- ?

Q Yes.

A -- to bring about? Well, I have read this Commissioner's report of April 27th, 1964, and I felt -- I have held the opinion, my opinion at the time, that if an official of the City had made certain commitments to a citizen, then it would be the City's responsibility, in so far as it is proper, to live up to that commitment. Now, I took the position in April, when I signed this report, of '64, that there was a commitment, verbal as it was, made by a city official.

Q Who was that official?

A Mr. Rault; and I have always held there was no legal responsibility --- in my own layman's mind I thought that there was no legal responsibility, but I also felt at the same time there might have been some moral responsibility, and I really, as one of the -- or the chief executive officer of the City, I wanted to get it out of the way. I didn't want this -- whether it is Mr. Hooke or Mr. John Doe, a

1-M-2

W. Hawrelak - Gill Ex.

- A (Cont.) citizen of Edmonton, that he should have any right or any continued claim against the City, for the City not living up to a commitment made by an official of the City.
- Q And that is why you signed the document Exhibit 101 on April 27th, '64?
- A That's right.
- Q Which authorized the exchange of the Ideal Homes' land on 127th Street and 133rd Avenue, for certain Buena Vista lots?
- A That's right.
- Q But you went no further than that; you didn't make any commitment about rezoning those Buena Vista lots?
- A Well, before any property can be rezoned it has to go through certain procedures, which have been --- which are under the Provincial Town Planning Act, and steps were taken at that time to see just how the people in the Buena Vista area felt about this rezoning, and the new project coming in.
- Q But by signing Exhibit 101 approving the exchange, you felt the City had gone the second mile?
- A I thought that it was a fair thing to do, to get it over with.
- Q And if nothing could happen after that the City had at least fulfilled its obligation?
- A Yes. In my view, as I said earlier, I thought there was a moral responsibility, and we could have discharged that responsibility properly.

1-M-3

W. Hawrelak - Gill Ex.

Q By authorizing the exchange Exhibit 101?

A That's right.

Q And when that wasn't to the satisfaction of Ideal Homes, that then left the matter in their hands?

A It left the matter.

Q In the hands of Ideal Homes?

A I don't know in whose hands.

Q But you felt the City had no more moral obligation?

A Well, I cannot say we didn't have any further moral obligation. I have always held that I -- even today I must say that the matter was not, as I understand it -- now, I have been out of office since 1965 and I don't know really what has happened since then -- although I have looked at some documents, and I am told that it fell through; but in my honest opinion today, it seems to me that Ideal Homes have still the same moral claim that I felt it had in 1964.

Q But no more and no less?

A No more and no less. I don't think there's any legal responsibility at all on the part of the City, but I honestly must say even today, wherever I -- will have an opportunity to say, that there is some moral responsibility based on the fact that an official of the City, as I saw it then --- and it has not been disproved today -- had made certain commitments.

Q And you are aware of the report of the City solicitor in April of 1965?

1-M-4

W. Hawrelak - Gill Ex.
- Bowen Ex.

A Yes.

Q Recommending that the City pay no money?

A Oh, yes, and this is a proper recommendation on the part of the legal department; but sometimes it's one thing to be legally responsible and another to be morally responsible; and I took the other view in 1964, which I would still take today, that there is a moral responsibility.

Q Thank you, Mr. Hawrelak.

THE COMMISSIONER: Mr. Crawford --- Mr. Bowen?

MR. BOWEN EXAMINES WITNESS:

Q Thank you, my Lord. Mr. Hawrelak, when you went back into office in October of 1963, the annexation proceedings were going on with Strathcona and Jasper Place, were they not?

A I think, Mr. Bowen, they were completed. I think all that was awaited for was the final decision on the part of the Local Authorities Board. I'm not sure of the date, but I think this is the general area.

Q I think you are right, sir; the hearings had been completed but no decision had been, was out yet.

A I think that's right.

Q Now, when you took office again did you discuss the matter of the Ideal Homes and the proposed swap with Buena Vista with your other Commissioners, in '63?

A I don't think, Mr. Bowen, that I discussed it in '63. I don't know when it came to my attention again after my coming into office --- .

1-M-5

W. Hawrelak - Bowen Ex.
- Wright Ex.

Q Were you --- .

A -- I am certain -- .

Q -- given any indication, sir, by anyone that the outcome of the decision on the annexation would in any way be affected by the City's decision on Ideal Homes?

A None whatever, sir.

Q Not at all?

A Not at all.

Q Thank you.

THE COMMISSIONER: Mr. Crawford?

MR. CRAWFORD: I have no questions, Mr. Commissioner.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES WITNESS:

Q Mr. Hawrelak, did you have any business relationship with Mr. Venner -- or do you know --- .

A Mr. who?

Q I don't know how -- .

A Wener, is that the man --- W-e-n-e-r?

Q Yes.

A None whatever.

Q On what occasions did you see Mr. Campbell, or talk with Mr. Campbell, with reference to Ideal Homes, can you recall?

A I don't recall any specific conversations with Mr. Campbell. It may have taken place but I honestly don't recall, Mr. Wright.

Q How long were you mayor of Edmonton altogether?

A Oh, from 1951 -- I suppose I should include a period of

1-M-6

W. Hawrelak - Wright Ex.

A (Cont.) being acting mayor in 1950 for four or five months, and then 1951 in November, to October or September of 1959, and then October of 1963 to March of '65.

Q So it would be more than ten years altogether?

A I don't know whether it's 120 calendar months, but let us say it's ten years.

Q And drawing on your considerable experience, then, can you tell us whether the Ministry of Municipal Affairs has any right to demand a particular City file on a subject?

A No, I don't think that anyone really has the right; there is a clause in the Act, Mr. Wright, which says that if you want any civic information, you have a right to it providing you pay -- I forget what it is -- twenty-five cents a page or four cents a word or some such charge, and then you as a citizen have a right to get it.

Q This is the right of any City taxpayer?

A That's right.

Q Does this include people who don't live in the City?

A I don't think it makes any specific reference to a taxpayer as such. I'm not sure --- I would have to check the Act.

Q I see. Now, can you remember the Ministry of Municipal Affairs calling for a particular file on a City subject at any time?

A Not that I recall through me.

Q Yes. Now, did you have conversation with Mr. Hooke in or about December or January of 1963-64 about his desire to see a particular City file?

1-M-7

W. Hawrelak - Wright Ex.

A No, I don't recall, Mr. Wright.

Q The file is the City file on Mr. Leger's South Bend property.

A I don't recall that Mr. Hooke had asked for this file.

Q He didn't talk to you about this?

A I don't recall in particular, no.

Q About that time you were on holiday in Florida, were you not?

A What year?

Q It would be the end of '63 or beginning of '64. You were mayor at the time.

A I may have been on holiday -- you have a better recollection than I have -- I believe it was January of '65 that I was on holiday -- .

Q Shortly before you were disqualified.

A It must have been '65, then, 1965.

Q Yes, I'm sorry, I'm one year out. Well then, my last question relative to Mr. Hooke, is that still true in '64-65?

A And what is the question again, Mr. Wright?

Q Whether you had any conversation with him about calling for Mr. Leger's file.

A I don't recall specifically if that was so.

Q I see; you may have done, though, but you can't -- ?

A I don't recall Mr. Hooke, that Mr. Hooke had spoken to me about it.

Q Now, when you were on holiday can you remember a call from the deputy mayor saying that --- can you remember talking

1-M-8

W. Hawrelak - Wright Ex.

Q (Cont.) by telephone with the deputy mayor, saying that -- and being informed that Mr. Hooke had called for Mr. Leger's file?

A Who was the deputy mayor at the time?

Q Mr. Dent.

A I don't know that I recall that. There was some question about Mr. Dent, as I recall it, going to Calgary on some City mission, and he asked me what position he should take. I am just hesitant --- reluctant -- .

Q You can remember a phone call?

A A phone call, but what the text or the contents of that phone call were, Mr. Wright, I'm afraid I can't specifically tell you.

Q Can you remember making any recommendation to Mr. Dent that the City should comply with Mr. Hooke's request?

A I don't know; I don't recall that I made any.

Q You can't recall any. Can you think of any reason why you might have suggested that the file be given --- ?

MR. MAYNARD: Mr. Commissioner, the witness has already said that he cannot recall any discussion about the file, and if he cannot recall any discussion about the file, how can he recall any suggestion or any reason why he would suggest something about something that he cannot recall anything about?

MR. WRIGHT: My learned friend has missed the point of my question.

MR. MAYNARD: I got the point of the question.

1-M-9

W. Hawrelak - Wright Ex.

MR. WRIGHT: The witness has said -- he is not denying that such a conversation took place, and I am simply asking him: can you think of any reason why you should suggest that that be done?

MR. MAYNARD: Mr. Commissioner, the witness has indicated that he does not recall the conversation. If he cannot recall the conversation, how can he recall any reason why he would suggest that this be done?

MR. WRIGHT: I am not asking him to recall a reason why; I am asking him to recall if there is any reason, my Lord, why he should give such permission.

THE COMMISSIONER: Well, for what it's worth, I don't see anything improper about the question; I don't think it has very much weight to it because he has stated he can't recall, but you may answer the question.

A And the question was, Mr. Wright, again -- ?

MR. WRIGHT: Yes. You were mayor of the City at the time?

A Yes.

Q Was there any reason that you can think of why the City should give such a file -- give that file to Mr. Hooke if he had called for it?

MR. CLEMENT: Oh, this is so hypothetical -- .

A Mr. Wright, you wouldn't want me to say what would happen to me if I died, would you?

Q MR. WRIGHT: I am --- just asking you to answer the question.

1-M-10

W. Hawrelak - Wright Ex.

A The answer is I don't recall any situation -- .

Q Pardon?

A I don't recall any conversation.

Q That wasn't my question.

A Well, I can't answer your question. It is a loaded question which no matter which way you answer it -- it's just like: "When are you going to stop beating your wife?" That's the question you have loaded at me.

MR. WRIGHT: In other words, you don't want to answer the question.

A No.

MR. CLEMENT: I would suggest that the witness is quite within his rights in declining to answer a purely hypothetical question. We are not here on a subject of hypotheses. We are trying to get at some facts.

MR. WRIGHT: It happens not to be a hypothetical question, but it is to this witness, evidently. How many phone calls did you make on your holiday, to the City?

A I don't recall.

Q Can you remember talking with Mr. Menzies with regard to this topic?

A No, I don't, sir.

Q That's all.

THE COMMISSIONER: Mr. Hawrelak -- or Mr. Maynard?

(General laughter.)

MR. MAYNARD: I have no questions, Mr. Commissioner.

THE COMMISSIONER: Mistaken identity. No questions?

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W. Hawrelak - Maynard Ex.

THE COMMISSIONER: (Cont.) Mr. Clement?

MR. MAYNARD: Oh, I'm sorry, I did have one point
that I overlooked when Mr. Wright was browbeating the
witness on the hypothesis.

MR. MAYNARD EXAMINES WITNESS:

Q Mr. Hawrelak, I refer to the meeting of the finance
committee at which now Mr. Justice Morrow presented a
case for Mr. Hooke in connection with the Ideal Homes'
properties. Do you recall this meeting on December 9th,
1964?

A No, I don't specifically recall this meeting, Mr. Maynard.

Q You do not recall Mr. Justice Morrow appearing?

A Yes, I recall seeing him, but I cannot say whether it was
a finance committee meeting -- I don't recall the specific
instance. If you had a document saying I was present,
then that would help me, but -- I recall seeing Mr. Justice
Morrow -- .

Q Yes.

A At a meeting, but what meeting it was at, I can't tell you.

Q Well then, in that case you would have difficulty in
recalling what transpired after the meeting as well?

A Yes, I can't tell you because I don't recall -- I know that
he was at a meeting at one time and I was present and there
was discussion, but to tell you which meeting it was, I
can't say.

Q That's fine, thank you.

THE COMMISSIONER: Mr. Clement?

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J. N. Agrios - Clement Ex.

MR. CLEMENT: No more questions, thank you.

THE COMMISSIONER: Thank you, Mr. Hawrelak.

(Witness retires.)

MR. CLEMENT: Mr. Agrios.

JACOB NICHOLAS AGRIOS, sworn, examined by Mr. Clement:

Q Mr. Agrios, you are a member of the firm of Hurlburt & Company, as it is now known -- formerly the firm of which Mr. Justice Morrow was the head?

A That is correct, Mr. Clement.

Q Mr. Justice Morrow gave testimony the other day concerning his retainer as counsel for Mr. Hooke in respect of representations made to the City arising out of claims that Ideal Homes Ltd. felt it had with the City, and the testimony was to this effect, that after Mr. Justice Morrow's appointment to the Bench of the Northwest Territories, you had occasion to make further representations on behalf of Ideal Homes to City Council, as I understood it, on the instructions of Mr. Hooke.

A Actually, Mr. Clement, that isn't correct. My representations to City Council were made while Mr. Morrow was still a member of our firm.

Q Oh, I see.

A It was prior to his appointment to the Bench.

Q Yes.

A This was in September of 1965, and Mr. Morrow, I believe, was appointed in late August or early September of 1966.

Q Yes, that's right, I'm sorry -- I was mistaken on the dates.

1-M-13

J. N. Agrios - Clement Ex.

Q (Cont.) In any event, you did appear before City Council to make some representations, Mr. Agrios?

A That is correct, Mr. Clement.

Q Now, would you just tell the Inquiry what happened in fact, what appearances you did make and what was the occasion of them.

A Yes, Mr. Clement. Actually I had been involved in doing a number of planning applications throughout my years at the Bar, and Mr. Morrow had been appearing on behalf of Mr. Hooke in respect to a damage claim that I had no actual involvement with. However, it was my understanding that in the summer of that year an application to rezone a property in the Calder area, as I understand, went before the Municipal Planning Commission which, I understand, is supposed to be an expert group of planners, and they approved or recommended approval of the change of zoning.

Q Now, just a moment, Mr. Agrios. I think what you are referring to is probably the property up in the Wellington Park subdivision?

A That is correct.

Q Yes?

A And that summer a public notice took place in the Edmonton Journal which stated that a hearing would take place before City Council on the 23rd of August, 1965.

Q Do you recall what the proposed rezoning was? As I understand at that time it was R.2 and R.1 that had been fixed on this property.

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J. N. Agrios - Clement Ex.

A Correct, and my reading of the advertisement from the file indicates that a portion was to be changed from R.2 residential district to R.5 residential district, and a portion was to be changed from R.1 residential district to R.2 residential district.

Q Yes.

A And at that time, with the Municipal Planning Commission having recommended approval, it was my understanding that it had been given first reading by Council, although not actually discussed --- no representations were made in Council. However, a member of our firm was present, a Mr. Mirth, and from his notes -- and this was my understanding -- when this matter was being considered by Council on August 23rd -- .

Q This was for first reading?

A This was the second reading, actually.

Q I see.

A A Mr. Wood, I believe, was opposing the matter, but at that time it is Mr. Mirth's notes, and it was brought to my attention, that a member of City Council -- in fact, Alderman Leger -- specifically asked whether the claim against the City of Edmonton had been abandoned.

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J.N. Agrios - Clement Ex.

A (Cont.) This was in August of 1965. As a result, on instructions from Mr. Morrow who was then my senior and from Mr. Hooke, I then appeared before City Council on September 3rd, 1965 and I have my specific notes as to the representation I made to Council and I opened that I was appearing on behalf of the owners of the property which was the subject of the Hearing application. I stated that I understood it was considered and tabled at your last meeting but I would like you to review the situation.

Throughout, in my representations, I made it quite clear that we wished the application to be considered on its merits only and I pointed out to Council how the matter was one which I respectfully submitted was good planning and that on its merits ought to be approved. Then I stated that I understood that at the last meeting of Council the matter of Mr. Hooke's lawsuit had been raised and I respectfully submitted that Council ought not to consider the lawsuit but that they should consider the development on its merits only. However, in view of the fact that Council had asked about the lawsuit the previous meeting, we wished to advise Council that it was Mr. Hooke's intention not to proceed with his action against the City in the event the application would be approved because many of the damages that had been sustained would be mitigated as a result of the good planning and I continually stressed the merits and I also continually stressed the fact that we were bringing this up to Council because they had asked the point on the lawsuit. We were not

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J. N. Agrios - Clement Ex.
- Gill Ex.

A (Cont.) raising it before them.

Q Thank you, would you answer my friends please.

THE COMMISSIONER: Mr. Gill?

MR. GILL: Thank you sir.

MR. GILL EXAMINES THE WITNESS:

Q Mr. Agrios, you meant to say September 13th, 1965?

A I trusted I had said so.

Q No, I thought you said September 3rd?

A 13th, sir.

Q And this was a meeting of the Council that you attended?

A That is correct, sir.

Q On behalf of Mr. A. J. Hooke and Ideal Homes Limited?

A No, my representations were on behalf of Ideal Homes.

Q I see, you had received some instructions from Mr. Hooke had you?

A From Mr. Hooke and Mr. Morrow.

Q I see, and did you at one time during that meeting tell the Council that Mr. Hooke would drop any potential claim against the City if the City Council would rezone these lots on 127th Street and 133A Avenue?

A As I pointed out Mr. Gill, I stated to Council, in view of the fact that this matter had been raised at the previous meeting, we wish to clarify the situation and it was not intended to pursue the claim in the event of the approval of the zoning which had already been recommended for approval by the Municipal Planning Commission and at that time I pointed out to Council that in my understanding it was

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J. N. Agrios - Gill Ex.

A (Cont.) supported by the Commissioners.

Q Did you use these words sir 'Approval of this zoning will alleviate the situation. If the zoning is approved any potential claim against the City will be dropped.'? Did you use those words?

A Alleviate, mitigate, as I previously pointed out to Mr. Clement, there would be mitigation in^{that} the claim which would result would considered to be dropped.

Q Well you in fact told the City Council of the City of Edmonton that if they rezoned, you for Ideal Homes would drop the potential claim?

A What we did was clarify the matter that had been raised at a previous Council Meeting, that is all.

Q Did Alderman Edwards say these words, 'It seems just like a bribe, you give me this and I will let you off the hook with respect to other matters.'?

A It is my understanding he made those comments subsequently, I was not present when those comments were made.

Q You didn't hear him say it was a bribe?

A No, I wasn't present.

Q But in other words Mr. Agrios, you on behalf of your client offered the City an alternative; rezone and the potential claim would be dropped. Don't rezone and they will still face the claim?

A No, all I was doing was clarifying the matter that the City Council themselves had raised. I specifically pointed out to them that we wished them to consider the matter on its

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J. N. Agrios - Gill Ex.

A (Cont.) merits only and I do stress the fact the Municipal Planning Commission had recommended approval of it. I must say Mr. Gill that I have had considerable planning experience myself and I did respectfully submit to Council that in my opinion this was good planning.

Q But you also, as part of your good planning mentioned the damage claim?

A We were clarifying the matter that Council had raised.

Q You were bringing to the attention of Council that they faced \$140,000.00 damage claim?

A Mr. Gill, as I pointed out, it was my understanding that the City Council at the meeting of August 23rd, 1965, one of the members asked about the damage claim. The damage claim was not brought to the forefront by ourselves. We were merely replying to the damage claim that a member of Council referred to on the planning application and as I pointed out, I appeared in order to ask them to consider it on its merits. However, in view of the fact they had raised it we were clarifying a matter they were now bringing into issue.

Q Did Alderman Dent ask you if there was a threat in your presentation, a threat of litigation, do you remember that being asked?

A No, I don't recall that.

Q You don't recall that?

A No.

Q Do you recall Alderman Weinlos saying 'Do you consider this a fair way of rezoning property'? Do you recall being asked

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J. N. Agrios - Gill Ex.
- Crawford Ex.

Q (cont.) that?

A Sir I don't recall it, however as I have previously pointed out, it was my opinion on its merits the application was a good one and that they ought to accept the recommendation of the Municipal Planning Commission.

Q It would alleviate the situation of \$140,000.00 damage claim, you pointed that out to the City Council?

A As I pointed out previously, there was mitigation involved, yes.

Q Mitigation of a \$140,000.00 damage claim?

A Sir, as I say, I am not familiar with the action, this was Mr. Morrow's aspect. I was merely there on the planning aspects. And, clarifying the matter that City Council had raised.

Q But City Council on September 13th knew that you were offering them a settlement?

A All I was doing sir was clarifying the matter that they had raised.

Q Rezone and we drop our claim?

A Sir, we were asking them to rezone on the merits and clarifying the matter they had raised.

Q Well, it is an interesting answer. Thank you.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN: No questions, sir.

THE COMMISSIONER: Mr. Crawford?

MR. CRAWFORD EXAMINES THE WITNESS:

Q Mr. Agrios, did Mr. Hooke in giving you instructions in

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J. N. Agrios - Crawford Ex.

Q (Cont.) regard to making the application you have told us about to City Council, make any reference to any arrangements having been made beforehand that the matter would be approved?

A Not that I recall. Mr. Crawford, I must say that I make a practice when appearing on planning matters to attend the site myself in order, if I am going to describe the matter before the Board, to satisfy myself that it is one that has merits. I do recall attending the site with Mr. Hooke and I recall purely discussing the planning matters.

Q There was no reference that he knew anyone at City Hall and it would probably go all right for you?

A Sir, I was not interested in this, just on the merits of the application.

Q I realize that but did this comment come to you in any way from Mr. Hooke?

A Not that I recall.

Q Or anything similar?

A Not that I recall.

Q Did he make any reference to being in a position to apply pressure on the City that would assist you in any way?

A Mr. Crawford not that I recall. I must say and I again say, I was concerned with the application, it was a good one on its merits and I would hope that I in my own ability would be able to convince Council that it was a good application rather than using someone elses pressure.

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J. N. Agrios - Crawford Ex.
- Wright Ex.

Q I am glad your experience hasn't shaken your view as to your ability to convince Council Mr. Agrios but, my question is simply this and, I have no other question, was anything ever said by Mr. Hooke to you that indicated to you that he was in a position to exert any influence over the City either in respect to policies the Provincial Government could apply relative to the City or in any other way?

A Not that I recall Mr. Crawford.

Q Thank you.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES THE WITNESS:

Q If you had got the zoning you wanted the site would have been used for a nursing home?

A As I recall there was to be a five or six story apartment project Mr. Wright.

MR. CLEMENT: Let's not get confused sir, we are talking about zoning of Wellington Park, not zoning of Buena Vista.

MR. WRIGHT: Oh, I'm very sorry.

A I saw a very attractive sketch, as I say this is over two years ago, it was my recollection it was to be some sort of an apartment.

Q MR. WRIGHT: Yes, and the apartment that was going up, was that a project of Ideal Homes?

A Oh I couldn't say.

Q You don't know?

A No.

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J. N. Agrios - Wright Ex.
Arthur Arnold - Clement Ex.

Q Thank you.

THE COMMISSIONER: Mr. Maynard.

MR. MAYNARD: No questions.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: Thank you Mr. Agrios.

THE COMMISSIONER: Thank you very much Mr. Agrios.

(Witness retires.)

MR. CLEMENT: Mr. Arnold.

ARTHUR ARNOLD, examined by Mr. Clement:

Q Mr. Arnold, you acknowledge you are still under oath for the purposes of this Inquiry?

A Yes sir.

Q There is one question I want to ask you and I think Counsel may want to ask one further question. The record shows that you had an interest for a period of approximately a year in a company otherwise owned by John Campbell, the company's name is All West ... let me try to find the papers. Well, among this tangle of papers Mr. Arnold we have lost the records. Do you recall such a company?

A No, as I was saying, when I heard it, I had forgotten all about it it was so long ago.

Q Well in any event, it was a company in which you appeared as a shareholder, I think in equal shares with John Campbell, back about 1951?

A Yes, I recall hearing that.

Q And you don't know how you got in?

A No.

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Arthur Arnold - Clement Ex.
- Wright Ex.

Q Or how you got out?

A No. I remember Mr. Campbell and I were in a company when I was with the Dominion Government. It was a company that were looking for distributorships and I thought this was the same one.

Q Was that in 1951?

A I can't recall, it is so far back.

Q I see, would you answer my friends please?

THE COMMISSIONER: Mr. Gill?

MR. GILL: I will defer to my learned friend Mr. Wright if I may and take his place at the end.

THE COMMISSIONER: Mr. Wright?

MR. WRIGHT EXAMINES THE WITNESS:

Q Mr. Arnold, Exhibit 362 in these proceedings shows that Mr. Hooke was Minister of Public Works from 9th of September, 1952 to August 2nd, 1955. Were you the Deputy at that time?

A Yes, it was in '53 and just the latter part of '52.

Q Yes I see. Now, during that time Mr. Arnold did you do work in your department on the house of any Cabinet Minister or member of the Cabinet?

A We didn't do any work, in the Department do you mean?

Q Yes, did you or any members of your Department to your knowledge, while Mr. Hooke was Minister of Public Works do work on the house or business premise or anything of a personal nature of any member of the Cabinet?

A Do you mean in Government time?

Q At all?

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Arthur Arnold - Wright Ex.

A Yes, I did.

Q Who or what?

THE COMMISSIONER: Now Mr. Wright, is there any
relevance aside from that question applying to Mr. Hooke?

MR. WRIGHT: Well, at this time you were Deputy
Minister of Municipal Affairs?

A Public Works.

Q Or, Public Works, I beg your pardon?

A Yes sir.

Q And were you in receipt of instructions from Mr. Hooke in the
ordinary course of events?

A In Public Works business, yes, and Government business.

Q Yes. Well, the relevance My Lord is that one may presume
that what the Deputy does is done with the knowledge and
consent of the Minister. First we must find out what
happened and then see whether Mr. Hooke was in fact using his
office to confer a benefit on a friend.

THE COMMISSIONER: Well, I think you had better
establish that anything he did he did on the instructions of
Mr. Hooke. I am not interested, in this Inquiry, in what
Mr. Arnold may have done for other Cabinet Ministers. I am
only concerned in this aspect of the Inquiry with Mr. Hooke.

MR. WRIGHT: Well, I am relating it to Mr. Hooke.

THE COMMISSIONER: I think you had better establish if
he did anything on instructions of Mr. Hooke.

Q MR. WRIGHT: Yes, was anything done on the
instructions or with the knowledge and we will see about the

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Arthur Arnold - Wright Ex.

Q (Cont.) instructions later, with respect?

A Well I never did any work on the instructions of Mr. Hooke.

Q Well, with the knowledge of Mr. Hooke?

A Well I didn't tell him, I mean he probably knew but I didn't tell him and he didn't tell me to do it.

Q But this is while he was your Minister?

A He was my Minister during this time.

Q What was this work?

A I did the house plans for Mr. Manning.

Q And was this using Government facilities to any extent?

MR. CLEMENT: I think that is far enough, sir, at this point.

MR. WRIGHT: Well, what are we covering up? I presume this witness has nothing to cover up. I want to know if work was done; I want to be in a position to cross-examine Mr. Hooke later to see whether he used his office to further it. He was the Minister at the time, surely what the Deputy does is of the greatest relevance. If Mr. Hooke wants to say that something was being done by the Deputy without his knowledge, without his instructions, well he may but, I submit with the greatest respect --

THE COMMISSIONER: I think he gave his answer, he said... the Reporter can read his answer, I thought he said he didn't. What did he say Reporter, will you read out the answer?

THE REPORTER: (By reading.)

"Well I didn't tell him, I mean he probably knew but

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Arthur Arnold - Wright Ex.

THE REPORTER: (cont.)

"I didn't tell him and he didn't tell me to do it."

MR. MAYNARD: Mr. Commissioner, if my friend is trying to establish that Mr. Arnold received instructions from Mr. Hooke to prepare plans for Mr. Manning's house, that is one thing but, if on the other hand no instructions were received from Mr. Hooke that should end the matter.

MR. WRIGHT: Well, with the greatest respect we can't leave it there My Lord, it is just too easy. The Deputy is doing plans for the Premier's house surely this is something we can question the Minister about.

THE COMMISSIONER: Certainly you can question the Minister about it but I am just wondering --

MR. WRIGHT: But first we have to find out what it is we can question him about in particular, My Lord.

THE COMMISSIONER: Well, I think Mr. Wright you should confine yourself to what knowledge Mr. Hooke had of it.

MR. WRIGHT: Well, how does this witness know that?

THE COMMISSIONER: He has given an answer and it seems to me that is the answer. If you want to have him elaborate on that and get it clarified, you are certainly entitled to.

MR. WRIGHT: Well, that is all, sir.

Q MR. WRIGHT: When was this Mr. Arnold?
Approximately?

A I think it was sometime in '53 or '54, somewhere in there.

Q Yes I see, did you have a conference with the Premier during

2-P-13

Arthur Arnold - Wright Ex.

Q (cont.) business hours?

A I don't recall whether we had any conferences, he met me at my house and I did the plans on my own time for him.

Q I see. Did you use Government facilities at all, drafting facilities?

A Well, I had my own and still have them.

MR. CLEMENT: Sir, I don't know how far you are going to let this go.

Q MR. WRIGHT: Did any men from your Department go out there, to his house?

A Yes, on their own time.

Q On their own time?

A This is to my knowledge.

Q Who paid them?

A I don't think they were paid.

Q And this was ... did Mr. Hooke request this?

A No, I never discussed it with Mr. Hooke.

Q Well would you not think a matter of that nature should be discussed with the Minister?

A Well, it was my own personal time I don't think it had anything to do with him.

Q Who asked you to do it? Did Mr. Manning ask you to do it?

A I think I suggested I did it for him.

Q You suggested it?

A Yes.

Q Yes, and did you receive any payments?

A No sir. I didn't send a bill either, I had a reason not to.

2-P-14

Arthur Arnold - Wright Ex.

Q And at any later time have you ever discussed this with Mr. Hooke?

A I can't recall if I did. I may have later on maybe, now, I couldn't set any date or any time, I think he knew I did the job.

Q How much time and work did you do in this connection?

A Well, I had some help on the plans.

Q From whom?

A From Ron Clark.

Q I see, was he in the Department at the time?

A Yes, he was a draftsman in the Department at that time.

Q Yes.

A I don't know, it wasn't a complete set of detailed plans that were required and calling of tenders and that, there wasn't a lot of details.

Q Was any work done other than drafting of plans by members of the Department?

A We went out on Saturdays about, oh, maybe half a dozen times on just Saturdays and did kind of a work bee, that was all.

Q And you say at no time during the week did anyone go out to your knowledge?

A Not to my knowledge. I had a staff of twenty-seven hundred people, I didn't know what they did all the time.

Q Yes. On this matter would the orders have come from you or Mr. Hooke to subordinates?

A To go out on Government time?

2-P-15

Arthur Arnold - Wright Ex.

Q To go out at all?

A Oh no, I mean, as I told you, I never discussed it with Mr. Hooke, I don't know what the other people did, I can't speak for them.

Q Yes, and was there supervision when the house was being built?

A Oh, I went out there on Saturdays about half a dozen times I guess during the spring to the fall.

Q While the house was being built? At this time were you taking jobs out of hours for people?

A Not that year I didn't do any other work.

Q But, from time to time you did outside work?

A I had done about, oh, during the time I was with the Government, about half a dozen jobs.

Q Yes, and in these jobs, were you paid for them?

A No. The only one I got paid for was the Edmonton Airport, the hotel.

Q Why did you get paid for this one?

A Mr. Manning's?

Q Yes?

THE COMMISSIONER: Mr. Wright, I am ... I very much question the relevance of this. I am only concerned with anything touching on Mr. Hooke in this aspect of the Inquiry.

MR. WRIGHT: Fine, My Lord.

2-B-1

A. Arnold - Gill Ex.

THE COMMISSIONER: Now, Mr. Bowen?

MR. BOWEN: No questions, sir.

THE COMMISSIONER: Mr. Crawford?

MR. CRAWFORD: I have no questions, Mr. Commissioner.

THE COMMISSIONER: Mr. Gill?

MR. GILL EXAMINES THE WITNESS:

Q Thank you. Mr. Arnold, Mr. Hooke knew of your activities in connection with the Premier's home?

A I can't say that Mr. Gill, I wouldn't know, I mean he has to speak for himself.

Q I see.

A He never discussed it with me at any time.

Q He was your Minister?

A That is correct.

Q And he was Minister of Public Works during the time this house was being built?

A That is correct.

Q And a number of Government people from the Department of Public Works, of which Mr. Hooke was the Minister, did work on the Premier's home?

A After hours.

Q After hours?

A Yes, and not a number, about half a dozen.

Q I see, how do you know that they worked after hours?

A Because I was there most of the time.

Q I see, and you were never there on Government time yourself?

A No sir, I don't think so.

2-B-2

A. Arnold - Gill Ex.

Q Never?

A Not that I recall.

Q There could have perhaps been once or twice?

A Well, this is -

MR. CLEMENT: Again, sir, -

A - fifteen years -

MR. CLEMENT: I am not trying to conceal anything,
I am merely trying to avoid an unnecessary repetition of what
I think is an irrelevancy anyway, an irrelevant subject.

A It is fifteen years ago or better, eighteen, sixteen years;
I don't recall everything I did at that time.

Q MR. GILL: You might have been there on Government
time?

A I may have. I can't recall.

Q I see, and did you ever discuss this with the Premier with
Mr. Hooke present?

A No.

Q I see. From your knowledge then do you know if Mr. Manning
discussed your services with Mr. Hooke?

A No, I don't, not from my knowledge.

Q From your knowledge?

A It never came back to me.

Q How many people from the Department of Public Works, of which
Mr. Hooke was the Minister, worked on the Premier's home in
this period?

A As near as I can recall, as I said, Ron Clark helped me with
the plans at my house, they were all done, every bit of it was

2-B-3

A. Arnold - Gill Ex.

A (Cont.) done at my house, and Clark came over and worked with me together in the room that I have set up in my house. When we started -

Q Go ahead?

A When we started on construction we would go out Saturdays and Mr. Manning would cook us a steak dinner and we would work and do labour work around and do a little carpenter work and put in insulation, and this type of thing. There were about half a dozen, as I recall it, used to go out on Saturdays.

Q And do you recall from whom the lumber was purchased for this construction?

THE COMMISSIONER: Now, Mr. Gill -

A Well, I don't know -

THE COMMISSIONER: I question the relevance of that.

Unless you can tie this up with Mr. Hooke I am not concerned with it.

MR. GILL: I have searched the records of Ideal Homes and I find that Mr. Manning was a large purchaser of lumber from Ideal Homes.

MR. MAYNARD: So what?

MR. GILL: Well, it is interesting, that is all -

THE COMMISSIONER: Well, if you see any relevance to it that is all right, but per se it is of no relevance where he bought the lumber.

Q MR. GILL: I am just wondering if this witness knows who supplied the lumber, and if by chance it was Ideal Homes Limited?

2-B-4

A. Arnold - Gill Ex.

THE COMMISSIONER: Go ahead.

A I haven't any idea.

Q MR. GILL: I see, and was there a Mr. McLean of the Department of Public Works, of which Mr. Hooke was Minister, doing some of this work also?

A I can't recall the name of McLean. Do you know what he did? The name, I mean, as I say, we had twenty-seven hundred employees, I couldn't remember them all by their names. What Department was he in?

Q Public Works, as far as I know?

A Well, there is a lot of Departments. If you could give me an idea I could -

Q Do you remember some of the other names?

A Yes, there was Charlie Heim and Harold Brettelle and Carl McKinnon and Dave Panner. That is about all I can recall.

Q I see, and what actually was done to this home, was it enlarged, rebuilt or -

A A brand new home.

Q A brand new home. How large a home?

A It was four bedrooms, a den, a living room, a dining room, and kitchen, no rumpus room, no recreation room, and I would say a garage, an attached garage.

Q And you acted as the architect and actually the supervisor?

A No, I acted as the architect. Later on Mr. Floyd Baker was employed I think permanently by Mr. Manning as the General Contractor and the, he did most of the supervision work.

Q Were there any memos received by you as Deputy Minister of

2-B-5

A. Arnold - Gill Ex.
- Maynard Ex.

Q (Cont.) Public Works from the Minister of Public Works, Mr. Hooke, in connection with this home?

A I have never seen any.

Q I see. Where is the home located?

A It is in the River valley, it would be, oh, I can't recall what the area, what they call it. Do you know where it is?

MR. MAYNARD: It is on the Saskatchewan River.

A Yes, it is on the Saskatchewan River.

Q MR. GILL: East of the City?

A Yes, east and south.

Q Did Mr. Hooke ever tell you to stop the work that you were doing on this home of the Premier's?

A He never talked to me about it.

Q I see, thank you.

THE COMMISSIONER: Mr. Maynard?

MR. MAYNARD EXAMINES THE WITNESS:

Q Just one question in relation to this matter and then we will get back on the subject of the Inquiry. Do I take it, Mr. Arnold, that these gatherings you had during the construction of Mr. Manning's home, the insulation work and such work, were in the form of what is commonly called a "bee"?

A Yes sir.

Q And that is all it was actually?

A That's right.

Q Now, let's get back to the Inquiry. When did you retire from the Department of Public Works?

A Three years ago.

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A. Arnold - Maynard Ex.

Q And what are you doing now?

A I am associated with Gordon and Mangold Architects.

Q And in your capacity as an architect did you have occasion in 1965 and 1966 to make an application or support an application to the City Council for a development of what we have been calling the Wellington Park area?

A What date is that?

Q In 1965 or '66?

A Yes, yes, I made the plans that Mr. Agrios just referred to.

Q And when were these plans made?

A I get mixed up a little bit, it is about two and a half years ago.

Q Two and a half years ago. Now, the plans that you originally prepared were for a re-zoning of the area to an R5 site?

A No, the plans I did were for an R5 which I understood the property was zoned for.

Q Yes, and actually the property was not zoned -

A No, it was not.

Q - for R5?

A No, the property, we later on found out or I found out it was zoned for an R4.

Q The re-zoning to R5 had been refused but the re-zoning to R4 had been approved?

A Well, I don't know that.

Q Well, you found out?

A Yes, I found out afterwards, yes.

Q When did you find out it was zoned for R4?

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A. Arnold - Maynard Ex.

A Well, I found out from Mr. Hamilton, the City Commissioner, after the plans had been complete.

Q After the plans had been complete for an R5 zoning?

A Yes, that's right.

Q And after you discovered that the area had been re-zoned to R4 did you prepare any further plans?

A Yes, I prepared another set of plans but we didn't submit them because we couldn't get the property straightened away.

Q Now, what do you mean by not getting the property straightened away?

A Well, I went down to the City Hall, and you usually start in the, in the Planning Department; they send you over to the zoning. They tell you what you can put on the property. They showed me on a map that they had that wasn't on the small print that I had a power line running across the property and a sewer line running straight across the property.

Q Could I just stop you a minute. About when was this?

A Oh, a couple of years ago, maybe a year and a half, maybe a year and three months ago.

Q In 1966 or before?

A I haven't any records. If I had known I was going to be asked these I could have brought the records.

Q Fine. Just carry on from memory. You were, you were told by some City Officials that there was a power line?

A I was told by the, when I talked of putting the type of building on, they said "Well, this power line interferes with it."; so I went to the City Engineering Department, the

2-B-8

A. Arnold - Maynard Ex.

A (Cont.) Electrical, and they told me that to remove that power line would cost between eleven and twelve hundred dollars. Then I went to the City Engineers, and the sewer line ran about the same spot as the power line, only twenty feet below; so I went to them and asked them if we could build over it, if we could bridge it, or what we could do; and they said there was nothing, it was nothing to do with them, that they couldn't make the decision on that. So I said "Well, what would it cost to remove it?", and they said about twenty thousand dollars; so I went back to Mr. Hooke and I said "The people I am trying to get interested in this property, if they have to pay twelve hundred dollars to remove this power line or if they have to pay twenty thousand dollars to remove this sewer, it will eliminate the whole project.". Well, he suggested I go and see Mr. Menzies, that they had given them an easement over these two properties for a dollar each, and that if it was going to make this much difference he thought the City might consider doing something about it. So I went and, I went with Mr. Ray Buxton, I think this was in February sometime, we went to see Mr. Menzies.

Q Of what year?

A Was it '64 or, no, '65 I think it was, no, '66, this last February.

Q Last February, that would be '67, we are now in '67?

A I can't remember. I have a letter on file, you know, and I have been under a doctor's care, I can't get too excited, and I forget a lot of these things.

2-B-9

A. Arnold - Maynard Ex.

Q Take your time.

A I can't recall. But Mr. Buxton and I went to see Mr. Menzies and showed him that the Ideal Homes had given these easements for a dollar each, and if we had to take these two easements off it would be a cost of twelve hundred dollars and a cost of twenty thousand dollars to move the sewer, which would bankrupt the whole project, it would not be an economical project to have to pay that much. Mr. Menzies said to both Mr. Buxton and I "We will allow you to build over the sewer.", you know, with our footings, and "If you want to reinforce your footings enough so that there won't be any settlement under the sewer. We will move the power line at our expense." So I said, he said "What type of a building are you designing?", and I said "Well, we have been turned down on the one, we will have to design another, and I don't know how much weight will come on these footings.", but would it be satisfactory if we put a pile on each side and bridged across, put a beam across? He said that would be satisfactory. So he said he would send us a letter, and Mr. Buxton was handling that part of it. He didn't send us a letter, Mr. Buxton got in touch with him two or three times, and we have heard nothing from it since.

Q And you still have no word from the City?

A No, Mr. Menzies promised us when both Buxton and I were in the office that he would send us a letter immediately to this effect.

Q And have you actually prepared any plans yet for a building for an R4 zoning?

2-B-10

A. Arnold - Maynard Ex.

A There is no sense to it, the people can't go ahead if we can't get, if we have to move the power line or if we have to reinforce across the sewer, it would be quite an expense.

Q So that all you have at the present time from Mr. Menzies is a verbal statement that the City would allow you to build over the sewer line and the City would remove the, pardon, build over the sewer line and the City would remove the power line at the City's expense?

A That is correct.

Q But the confirmation in writing has never been received yet, is that correct?

A That is correct.

Q Fine, thank you Mr. Arnold, that is all, Mr. Commissioner.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: No further questions.

THE COMMISSIONER: Thank you, Mr. Arnold.

MR. CLEMENT: I think, sir, unless counsel have some further second thoughts, that Mr. Arnold might be excused until we embark upon the -

A Oh, I beg your pardon.

MR. CLEMENT: It is all right, but until we embark upon the Hinman aspect, sir.

THE COMMISSIONER: Yes, you are excused from this part of the Inquiry.

A Thank you.

(Witness steps down.)

MR. CLEMENT: May I just draw the attention of counsel

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Discussion

MR. CLEMENT: (Cont.) to this by, it is really an unexpected omission: Exhibit number 392 does not appear in the Index of Exhibits.

THE COMMISSIONER: 392?

MR. CLEMENT: For Volume 35, sir, Exhibit 392 should head the list.

THE COMMISSIONER: I have it as an undated letter.

MR. CLEMENT: Yes, it does not appear on my copy of the Index of the Exhibits. It is put in evidence at page 3713, an undated letter to Mr. Justice Morrow.

I instructed Mr. Weir to try to reach these witnesses, sir, who apparently were on Council of the District of Strathcona back in 1954 when Strathcona took itself out of the District Planning Commission. I guess he has not been able to reach them.

Two other requests for evidence have already been dealt with, sir. You will recall that the name of Mr. Robinson was raised some weeks ago as an employee of the Highways or Public Works Department, and at that time I stated that on the information given to me by Mr. Friedman, that Robinson had left the Department some twenty odd years ago and we had no information as to his whereabouts.

Another name mentioned recently, Heim, I dealt with also at that time. The information given by Mr. Wright in respect of Mr. Heim was such that it was impossible for the Department, for Mr. Friedman to trace down what it was that Mr. Heim was supposed to give some evidence about, and it was left in this

2-B-12
Discussion

MR. CLEMENT: (Cont.) way, that Mr. Wright would inform Mr.

Friedman as to what he wanted Mr. Heim to testify as to so that some records could be produced if there are any still in existence. That further information, I believe, has not yet been given to Mr. Friedman.

THE COMMISSIONER: Did you find the undated letter?

Is the letter in or just missing from the transcript?

MR. CLEMENT: Oh, it is in, sir, Exhibit 392, I put it before Mr. Hawrelak this morning and now it seems to have gone adrift.

THE COMMISSIONER: Did Mr. Hawrelak have any papers of his own?

MR. CLEMENT: No, he had none. I am satisfied, sir, that I put that letter before Mr. Hawrelak this morning in order to direct his attention to this matter of a complaint by Ideal Homes in respect of an exchange of property between Wellington Park and the Bronx. I don't know what has happened to it now.

THE COMMISSIONER: Perhaps counsel will just check their own papers, it may have got mixed up with them, during the adjournment.

MR. WRIGHT: Just possible that Mr. Agrios kept it in his file.

THE COMMISSIONER: Yes, Mr. Agrios I believe did have some papers.

MR. WRIGHT: Yes, he had a lot of them.

MR. MAYNARD: Here it is.

2-B-13

J. H. Campbell - Clement Ex.

THE COMMISSIONER: Mr. Maynard is holding out on us.

MR. CLEMENT: The one who is least suspected of this.

MR. GILL: I don't know that that is a justified remark.

MR. CLEMENT: My Lord, there is an unexpected difficulty that these two witnesses from the County are not here, and I had arranged with Mr. Steer that Dr. Allard would be here at eleven thirty. Perhaps we could embark on some questions of Mr. Campbell, sir, in the interval, it is out of order but we will do the best we can.

Call Mr. Campbell.

JOHN H. CAMPBELL, recalled, examined by Mr. Clement:

Q Mr. Campbell, you are still under oath on this Inquiry?

A Yes.

Q There is two or three points I would like to direct your attention to. Mr. Hooke, according to the evidence, resigned as a Director of Ideal Homes in 1953 and ceased, no, I am sorry, I have got it the wrong way around: in 1953 the records show that Mr. Hooke transferred his shares in the company and ceased to become a shareholder, and the Articles of the company were amended so that a person could be a Director without being a shareholder, and Mr. Hooke continued as a Director then until 1955. Now, Mr. Campbell, would you take your mind back to that situation. Mr. Hooke sold his shares in part to you and in part to Mr. Spady, as I recall?

A Mr. Chris Hooke, Mr. Spady and myself.

Q Speaking for yourself, did you get paid for those, did you pay

2-B-14

J. H. Campbell - Clement Ex.

Q (Cont.) for those shares?

A No, the understanding was that if we ever got Ideal Homes affairs straightened out that he would then be paid for them.

Q I see. To what extend was Mr. Hooke active in the affairs of Ideal Homes between 1953 and 1955? Perhaps that is an awkward question, Mr. Campbell; was the company doing any business between 1953 and 1955?

A No, not to my recollection, I don't believe we were, we were in the -

Q I see.

A We were in that muddle, as you might call it.

Q Well, we will come to that in a moment. You don't recall the company being engaged particularly?

A No.

Q In its business which you said was the construction of homes primarily?

A No.

Q And then after 1955 the company would be even less engaged in its business, so to speak?

A Yes.

Q And what interest did Mr. Hooke continue to have in the company after 1955?

A More or less directing the affairs of the company to reach a solution with the City of Edmonton.

Q Yes. Well, now, Mr. Campbell, I am afraid I don't recall this far back in the evidence: did you put in evidence financial statements of Ideal Homes for any particular period?

2-B-15

J. H. Campbell - Clement Ex.

A I gathered up all the papers that I could and handed them over, brought them all up here, boxes of them.

MR. MAYNARD: There were two Exhibits, financial statements, filed as Exhibits. There are a number of other financial statements that were left here for some period, five or six weeks, and I asked for the delivery of these papers back to my office last week, Mr. Commissioner, so that I could review the documents in preparation for Mr. Hooke testifying; but there were two financial statements filed as Exhibits.

MR. CLEMENT: Do you recall what they were?

MR. MAYNARD: Yes, I will go into that.

MR. CLEMENT: 235? That is a little earlier than that.

2-M-1

J. H. Campbell - Clement Ex.

Q Actually what I am interested in, Mr. Campbell and Mr. Maynard, is a financial statement of the affairs of the company as of, say, 1955, and perhaps as of 1960, to see what changes had been made during that period, if any. You have those, by any chance?

MR. MAYNARD: I have some. I do not know how far back they go, but I can have here, during the adjournment hour, all the financial statements that we have. I have armfulls of records that I could bring back, but I will endeavour to bring back immediately the financial statements.

MR. CLEMENT: I don't want the vouchers supporting the financial statements, please; just the audited financial statements.

MR. MAYNARD: I will have back all I've got.

MR. CLEMENT: Thanks very much. I'm sorry I didn't realize that those were taken away. Mr. Commissioner, it is of very little use pursuing the state of the company's financial affairs without the records before us.

THE COMMISSIONER: Yes.

MR. CLEMENT: We will just be wasting time if we attempt to do it otherwise.

Now, there is, Mr. Campbell, in the interval since you last gave evidence, there has been given in evidence a transaction which didn't reach completion, involving a proposal for a transfer, an exchange of property -- Ideal Homes' property in Wellington Park on

2-M-2

J. H. Campbell - Clement Ex.

MR. CLEMENT: (Cont.) 127th Street, for property down here in the Bronx, so that the Ideal Homes' operation could be moved down there out of the residential district into what was, under the 1933 bylaw, an industrial zoning; and it has been given in evidence that on the strength of negotiations and discussions with Norman Rault of the City, Ideal Homes commenced to dismantle its buildings on 127th Street in anticipation of moving. Do you have any knowledge of any of those circumstances?

A I remember negotiations were carried on and it was the intention of the City to have that property rezoned, I understood, and we had agreed to the transfer, and we had this -- we had started then at that time while the rezoning that was in effect -- or taking effect -- or in the process -- whatever you want to call it --- we started to dismantle this 3-storey building in preparation to moving.

Q Had these negotiations been carried out by you, or by whom?

A Mostly by Mr. Hooke; some of them by me, by letter.

Q Then, in fact, you started to dismantle your buildings?

A Yes, we had to.

Q And what happened?

A We kept tearing them down until we had it completed, but the City didn't approve it in the final analysis, if I remember correctly; they didn't approve of it.

Q I think your memory of it is correct, yes.

A Yes.

2-M-3

J. H. Campbell - Clement Ex.

Q So you didn't move?

A No.

Q There is another point, Mr. Campbell --- another point relating to sort of a transferring back and forth of titles of this Wellington Park property. I am showing you Exhibit 370, which is a transfer by you of one of those Wellington Park lots. You remember at that stage there were acre lots 3 and 4?

A Yes.

Q At the commencement -- a transfer by you of acre lot 3 to Ideal Homes, dated the 19th of June, 1952, and on behalf of Ideal Homes to whom you were transferring the property, Mr. Spady in his affidavit of transferee said this:

"This transfer is made to vest the legal title in the transferee, the beneficial owner of the within property for whom the transferor has held the legal title as trustee."

What on earth is this all about?

A I can't even recall it, Mr. Clement.

Q You can't recall that at all?

A No, I don't know what it is for. I see my signature, which is my signature there, but -- .

Q You owned the land obviously prior to June 19th, 1952, acre lot 3 -- as distinct from acre lot 4 which was bought from a fellow by the name of Chosnyk, you had bought in your name prior to June of 1952, lot 3. Now, in December of 1954,

2-M-4

J. H. Campbell - Clement Ex.

Q (Cont.) Chosnyk transferred lot 4 to Ideal Homes, this obviously having been pursuant to an agreement for sale -- I say "obviously"--- I judge it to be so. You have no recollection of under what circumstances you bought lot 3?

A I remember this was -- here -- buying this one -- I think this was a piece of property -- .

Q You will have to talk a little louder.

A I'm sorry -- I think this was a piece of property that -- .

Q "This" being Exhibit 373, the Chosnyk transfer. Go ahead?

A I believe that we traded property or a house or something with him, but I don't remember the circumstances of this.

Q "This" being 370.

A No, I don't remember the circumstances of that. I remember something -- we wanted to acquire this other piece of property, this lot 3, in order to round out that whole area, but I don't remember the details of it.

Q Then I show you transfer exhibited as No. 371, in which Ideal Homes transfers back to you this lot 3, by a transfer of December 27th, 1956. You see -- Ideal Homes, lot 3, to yourself, for a valuation of \$11,000.00.

A Same valuation.

Q Which is indeed the same valuation as shown on Exhibit 370 -- that transfers back to you this land, and you take the affidavit of transferee on December 27th, 1956, in which you say:

"The transfer is by virtue of a trust agreement
between the transferor and the transferee, by

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J. H. Campbell - Clement Ex.

Q (Cont.) which the transferee holds the said property in trust for the transferor or its assigns."

Can you throw any light on that one?

A I don't know as to the exact reason why it was done, but I know that the property was put in my name in trust; I don't know why.

Q Now, we come then to this, Mr. Campbell: it has been given in evidence that at a time estimated to be in the earlier spring or sometime during the summer -- I'm sorry -- sometime during the spring of 1963, you visited Mr. Geoffrey Hamilton who was then a City Commissioner, and particularly in charge of planning aspects of the City and related duties, and that in this visit -- this visit took place over a weekend at Mr. Hamilton's home in Edmonton, and that the purpose of your visit was to see what progress was being made by the City in respect of claims being put forward by Ideal Homes against the City; and on that occasion Mr. Hamilton said that you told him, in effect, that the City had better get with this, these claims of Ideal Homes, or they wouldn't have much chance with their application for annexation, which was going forward at that time, and which included in the application an industrial area in the County of Strathcona. Do you recall visiting Mr. Hamilton in or about that time in the spring of 1963?

A I recall visiting Mr. Hamilton, yes.

Q For what purpose?

2-M-6

J. H. Campbell - Clement Ex.

A Mr. Hamilton called Mr. Hooke and wanted to know if he could -- where he could get in touch with me, that he would be very pleased to meet me, and that he wanted to discuss this situation. I failed to understand, because I had met Mr. Hamilton previous to this -- Mr. Hamilton and I were on the plane sitting beside each other all the way from here to Fort McMurray, and we both went up there for the Fort McMurray Land Development Company on the possibility of the layout and the best way to lay the Townsite of Fort McMurray out.

Q Well -- yes?

A So Mr. Hamilton had met me before that.

Q Yes, so we understand -- .

A Mr. Hooke called me and told me that Mr. Hamilton would like me to get in touch with him, and I did not ask to get in touch with him: he asked to get in touch with me. I called Mr. Hamilton and we went over -- my wife drove me over and remained outside in the car -- .

Q This was at his home?

A -- while I visited Mr. Hamilton at his home.

Q And was this on a weekend?

A I think so, but I'm not positive.

Q So you went then to Mr. Hamilton's home, as you understood it, at the request of Mr. Hamilton?

A Definitely.

Q Now, tell us then what passed between you.

A I don't know which meeting was --- what was discussed

2-M-7

J. H. Campbell - Clement Ex.

A (Cont.) primarily at the meeting, but it was as to the sites or possibility of what could be done to alleviate this Ideal Homes situation; but as far as me making any remarks to Mr. Hamilton regarding annexation, that was not even in my sphere and I couldn't have cared less one way or the other; so I certainly did not make any reference to annexation to Mr. Hamilton, that this would benefit anybody.

Q And quite aside from this particular meeting, did you at any time make a comment about annexation to Mr. Hamilton?

A I knew so very little about it and had so little to do with it that I can't possibly see for the life of me why I would make any remark regarding annexation.

Q Did Mr. Hooke instruct you to convey any message to Mr. Hamilton or anyone else about annexation?

A Definitely not.

Q Now, Mr. Commissioner, those are all the questions I have to ask. Dr. Allard, I believe, is intending to be here at 11:30. Perhaps if we --- I mean, it would be rather inconvenient just merely starting the cross-examination -- .

THE COMMISSIONER: Oh, yes, rather than interrupt Mr. Gill in his cross-examination perhaps we could adjourn now until 11:30, and then we could start sharp at 11:30 in order to accommodate Dr. Allard and get him away as quickly as possible. So we will adjourn then, until -- .

MR. GILL: If, by that time, Mr. Maynard might have those financial papers -- .

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J. H. Campbell - Clement Ex.

THE COMMISSIONER:

Yes. We will adjourn, then, until

11:30.

(Adjourned at 11.05 a.m.)

3-P-1

Dr. C. A. Allard - Clement Ex.
- Wright Ex.

MR. CLEMENT: I call Dr. Allard please.

DR. CHARLES A. ALLARD recalled, examined by Mr. Clement:

Q Dr. Allard, you acknowledge you are still under oath for the purposes of this Inquiry?

A Yes sir.

Q Mr. Commissioner, the cross-examination of Dr. Allard was stood over to this date in order that he should refresh himself on three aspects. I have no questions in chief at this time.

THE COMMISSIONER: Mr. Wright, I believe you were questioning him, were you not?

MR. WRIGHT: Yes.

MR. WRIGHT EXAMINES THE WITNESS:

Q Dealing first Dr. Allard with the transactions which occurred between North West Trust Company and the Government in 1959 and 1960 with regard to the North West Trust Company becoming an approved company under the Trust Companies Act?

A Yes.

MR. CLEMENT: Is this one of the three subjects we adjourned for?

MR. WRIGHT: Yes.

MR. STEER: I should say, Mr. Wright asked me although he didn't ask in the Commission to show him the Minutes relating to the company becoming an approved corporation and, with respect to this so called bastard clause and I did so show him.

The Minutes begin in September of 1959 and I think the

3-P-2

Dr. C. A. Allard - Wright Ex.

MR. STEER: (Cont.) evidence does establish sir that Mr. Hooke ceased to be Provincial Secretary on September 1st, 1959. However, I leave it to you sir as to the relevance in view of that.

Q MR. WRIGHT: And, you have been good enough through your counsel to produce the Minutes covering that course of negotiations with the Government of the North West Trust Company and as your counsel has said, this begins in September 1959 and ends on the 29th of July, 1960. Could I have the Minutes please?

And the last of the series is dated the 29th of July 1960 and at that time Mr. Miles reported that the trust company is now an approved corporation and that we have received the Order-In-Council duly signed and sealed?

A Yes sir.

Q This right was a valuable right to the trust company?

A We felt it was Mr. Wright. It was perhaps overrated somewhat but, we felt it was valuable.

Q You felt it was quite important to the trust company to get it?

A Yes, we did.

Q Yes, and the reason for becoming an approved corporation under the Trustee Act was so that the trust company could receive funds on deposit from the Public Trustee, unions and estate funds or, for that matter, anyone who had trust funds for deposit?

A That is correct.

3-P-3

Dr. C. A. Allard - Wright Ex.

Q Yes, and that happens to be a quotation from page five of the Minute of the 6th of May 1960?

A Yes.

Q And in the course of this negotiation, officials of the trust company dealt with the Government, of course?

A Largely Mr. Miles, Mr. Wright.

Q I see. Did you?

A No I did not.

Q Did you at anytime speak to Mr. Hooke in connection with this matter?

A No I did not.

Q I am not talking about as Minister at the Government but in the course of your acquaintanceship with him?

A Well, you recall Mr. Wright that my first recollection of meeting Mr. Hooke is sometime in the fall of 1959.

Q Yes, when this starts?

A You will also recall that my memory up until a few months ago of who the Minister was, I didn't even know at the time that Mr. Hooke was the Minister. My first recollection of dealing with a Minister was Mr. Patrick.

Q Yes, that is fine. My Lord, I won't take the witness through the Minutes in detail, it shows the course of the transaction and the passages in each Minute dealing with the matter have been ticked so perhaps they could simply go in as one Exhibit.

THE COMMISSIONER:

Exhibit 396.

MR. CLEMENT:

Well, just a moment sir, before we

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Dr. C. A. Allard - Wright Ex.

MR. CLEMENT: (Cont.) mark further papers in this Inquiry,
it would be interesting to know what bearing it has.

THE COMMISSIONER: Is there anything relevant in those
Minutes at all?

MR. CLEMENT: Since Mr. Hooke was not Minister at
the time there has been no suggestion that he had anything to
do with this and, to load the record up with papers seems to
me to be not useful.

MR. WRIGHT: There was a close relationship at
this time between Mr. Hooke and the North West Trust Company
that we are coming to, I imagine from the point of view of
loans.

THE COMMISSIONER: Have you anything to say Mr. Steer?

MR. STEER: My view is the same as Mr. Clement's
Mr. Commissioner. However, I am quite satisfied.

THE COMMISSIONER: Well, put them in for what they are
worth.

MR. WRIGHT: I am not going to ask any more
questions about this.

THE COMMISSIONER: All right, Exhibit 396.

GROUP OF MINUTES MARKED EXHIBIT 396.

Q MR. WRIGHT: My Lord, we now come to the loans made
by the North West Trust Company to Mr. Hooke and one of them
is in the form of a purchase of an agreement for sale and the
records that remain with the trust company seem scanty and
it is pretty clear some of them have been lost and I would
appreciate it if Mr. Turner would not remain in the room

3-P-5

Dr. C. A. Allard - Wright Ex.

Q (Cont.) while I ask Dr. Allard my questions.

MR. CLEMENT: Well, just a moment sir, this is an Inquiry and the only person who recognizes that so far, it seems to me, has been Mr. Bowen. This is not an adversary trial.

MR. BOWEN: Thank you.

THE COMMISSIONER: Any other counsel any other observations to make? I have not excluded any witnesses during this Inquiry and I don't think at this stage I propose to ... I have not excluded any witnesses ...

MR. WRIGHT: Well, apart from one request, Your Lordship hasn't been requested to and, my only point is this sir, My Lord, if we are going to get at the truth of this particular matter it is better that the employees do not hear what the employer has to say about it. That is all. I am sure Mr. Turner would step out if he has nothing to cover up.

MR. MAYNARD: I am surprised at the suggestion of my learned friend. I just can't understand my learned friend making any kind of suggestion or invitation or innuendo in the remarks he is making to the exclusion of this witness. I certainly support Commission counsel and just on the question of principle alone I would certainly ask that Mr. Turner be allowed to remain.

AN UNIDENTIFIED VOICE: My Lord --

MR. GILL: Mr. Commissioner?

THE COMMISSIONER: Just a minute, Mr. Gill?

MR. GILL: It seems that my learned friend has

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Dr. C. A. Allard - Wright Ex.

MR. GILL: (cont.) forgotten his experience as Attorney General and while this may not be an adversary matter, I solemnly submit that if there is a witness about to give testimony and another witness touching or concerning the same and giving testimony, surely at the request of counsel, providing it is not unreasonable and I submit it isn't, that person should be excluded from the room. This is the normal way we do these things.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN: Sir, I most certainly agree with Mr. Maynard and Mr. Clement. We take it that these witnesses are under oath sir and that they are going to tell the truth. At least, that is the basis I go on in this Inquiry. We have never to this point had any exclusion of witnesses. We have had many, many witnesses listening to other witnesses give evidence and certainly on a matter of principle I am unalterably opposed to this exclusion of witnesses.

THE COMMISSIONER: Mr. Crawford?

MR. CRAWFORD: My Lord, the request is so entirely ordinary in every respect to excluding a witness while another one testifies that I don't understand the difficulty over it. It has been pointed out that witnesses haven't been excluded up till now but, if my memory is correct there has been no application to exclude.

THE COMMISSIONER: No, that is quite right.

MR. CRAWFORD: And, I would support, whatever reasons Mr. Wright has in mind I know not but, whatever they are, they

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Dr. C. A. Allard - Wright Ex.

MR. CRAWFORD: (Cont.) are commonly accepted whenever counsel makes the request.

THE COMMISSIONER: I have heard you Mr. Gill, Mr. Steer?

MR. STEER: Sir, it is a practice which has not been followed in this Commission. There are matters which are most serious with respect to credibility ...

THE COMMISSIONER: Would you speak up a little, Mr. Steer?

MR. STEER: It is a matter that has not been followed sir up to this point and matters have been dealt with in this Commission that have been most serious from the point of view of credibilty. I refer to Mr. Hume, Mr. Hayter, Mr. Snaddon and Mr. Leger as merely one example. I do submit that the same practice as has been followed in the past ought to be followed now.

THE COMMISSIONER: Mr. Clement?

MR. CLEMENT: I have nothing further to say, sir.

THE COMMISSIONER: Well, I do not propose to exclude any witnesses at this stage Mr. Wright, you may proceed.

MR. STEER: Sir, may I just say one thing in reference to a remark by my friend Mr. Wright?

THE COMMISSIONER: Yes.

MR. STEER: Mr. Wright has said the records are scanty. I have had Mr. Elliott, the chief officer of North West Trust and a number of other employees extract all the

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Dr. C. A. Allard - Wright Ex.

MR. STEER: (Cont.) records that we could find with respect to these transactions and in addition to that, where we couldn't find correspondence I went to Mr. Matheson's office who acted as solicitor with respect to one of the transactions and I went to Mr. Burger who acted as solicitor with respect to the other transaction and obtained their files which I have shown Mr. Wright so that we have gone the limit I would submit in providing the documentation.

THE COMMISSIONER: I might just point out in connection with my ruling that we have written transcripts of this evidence and it could very well happen and it has happened during the course of this Inquiry that a witness has completed his examination just before we adjourn and another witness has come on the following morning and hasn't had the opportunity of reading a transcript which certainly is available to every witness and I think at this stage of the proceedings on the basis of our having a written transcript, it would be imposing a restriction that has not been imposed at anytime during the Inquiry and in view of the fact that the procedure we have been following and having written transcripts made available everyday, it would be an unfair discrimination and I am going to maintain my ruling on that basis.

You may proceed Mr. Wright.

MR. WRIGHT: I am interested to know whether Mr. Turner would mind leaving the room, My Lord, but apparently he is not going to be asked.

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Dr. C. A. Allard - Wright Ex.

Q MR. WRIGHT: Mr. Hooke, you told us last time --

THE COMMISSIONER: Dr. Allard.

Q MR. WRIGHT: I am sorry, Dr. Allard, you told us last time that there was a mortgage of \$20,000.00 placed on some parcels of land by Marilana Ranches Limited and you have the file here along with your other files and can produce a copy of the mortgage and, you now do so?

A Yes Mr. Wright.

Q Yes, might that be marked as an Exhibit, 397, My Lord?

MR. CLEMENT: I think perhaps it might as well be to determine what relevance this has before it is marked, sir.

THE COMMISSIONER: I don't want to start marking as a whole Exhibit, the file, as an Exhibit because as I said before, once I do that...

MR. WRIGHT: No, this is the mortgage, sir.

THE COMMISSIONER: Pardon?

MR. WRIGHT: The mortgage.

THE COMMISSIONER: Oh, the mortgage?

MR. WRIGHT: Yes.

THE COMMISSIONER: Will you indicate the relevance of it first?

MR. WRIGHT: Is there some suggestion that this isn't relevant?

MR. CLEMENT: Well, it certainly hasn't been apparent to me, perhaps I'm stupid.

MR. WRIGHT: This is a loan by the North West

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Dr. C. A. Allard - Wright Ex.

MR. WRIGHT: (cont.) Trust Company to Mr. Hooke.

THE COMMISSIONER: Put the mortgage in as Exhibit 397.

MORTGAGE DATED THE 14th SEPTEMBER
1959 FROM NORTH WEST TRUST COMPANY
TO MR. HOOKE MARKED EXHIBIT 397.

THE COMMISSIONER: Would you identify the document
please for the record?

MR. WRIGHT: Yes.

Q MR. WRIGHT: What is the date of the mortgage
please Dr. Allard?

MR. SHORT: The 14th of September 1959.

MR. WRIGHT: It is by Marilana Ranches Limited
My Lord to the North West Trust Company Limited and it is for
\$20,000.00.

Q MR. WRIGHT: What appraisal was made of the
property before the loan was granted Dr. Allard?

A At this time Mr. Wright the company had not retained a full
time appraiser. Mr. Turner came along I think some years
later.

This mortgage application was brought to the management
committee by Mr. Miles and the negotiations that went on
between the trust company and Mr. Hooke were conducted by Mr.
Miles.

Now, on the management committee in those days was
myself, Mr. Miles, Mr. Belzberg, Mr. Matheson and Mr. Mac-
donald. There may have been others but it was required that
three of these people must be present at any management
committee decision. Now, with Mr. Matheson and Mr. Belzberg

3-P-11

Dr. C. A. Allard - Wright Ex.

A (Cont.) and myself, we felt, rightly or wrongly, that there was a fair knowledge of land values represented in the management committee. Mr. Matheson has acted for many years for a large clientele in South Edmonton, Southeast Edmonton, certainly I think that he in fact probably acted in many land transactions and still does in this area so that he was familiar with land values. We were also familiar with, at least, part of the land of this mortgage by virtue of having bought land in the immediate area in the Beaver Land Company and having had some sales. So, we in the management committee felt that we had a good knowledge of the value of these lands.

Q Yes. Where is the application by Mr. Hooke?

A Is it not in these files? If it is not in these files then we do not have one.

Q Wasn't there an application in writing?

A I rather doubt Mr. Wright if we had formal application forms in these days.

Q Were mortgages then being granted at that time without, what we understand to be the usual application forms to a mortgage company?

A Well Mr. Wright, there are many procedures that have developed in the North West Trust Company since the inception in 1958. There are probably procedures that will have to be instituted that we do not carry out today. I think you have to remember that this was a trust company that started from scratch within a year of this particular transaction and a lot of

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Dr. C. A. Allard - Wright Ex.

A (Cont.) procedures weren't established, a lot of procedures have to be learned and I doubt if we had a mortgage application form printed at this time. As a matter of fact, I am not certain that we do today but, I think we must have.

Q How many mortgages or loans on the strength of mortgages have been granted by September of 1959? Just a few or scores or hundreds or what?

A I would think certainly not many Mr. Wright but I couldn't give you an accurate...

Q And there were no regular application forms, is that what you are saying?

A I don't think there were any regular application forms.

Q Did Mr. Hooke speak to you about the borrowing of this money from the North West Trust Company?

A No he did not. This mortgage was negotiated with the full time staff at the time and came to my attention as a member of the management committee.

Q Did he ever speak to you or you speak to him saying if he ever needed money then he should approach the North West Trust Company to see if he could get it?

A At this time?

Q At anytime?

A Well I may have said that to him after I got to know him. I am referring now to the subsequent documents that are going to come up after 1964.

Q Yes?

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Dr. C. A. Allard - Wright Ex.

A But at this time, certainly not.

Q So this would be an approach entirely off his own bat then?

A Yes.

Q You don't know who he saw first?

A Well, he must have seen Mr. Miles, he was the chief officer at the time. And, we didn't have a very big staff at that particular time either.

Q What money was being lent to him, from what fund did it come, your general funds?

A I can't answer that but it could have been either.

Q Either?

A Either our capital funds or our trust funds.

Q Yes, it was administered at any rate like any other loan?

A Yes.

Q And so far as you know, it was paid out from the same source on other loans?

A Yes.

Q Which is trust funds?

A Largely.

Q Yes, and the limit is two thirds of the appraised value, is it?

A At the time, yes.

Q Yes.

MR. STEER: Well, this is a question of interpretation of the Statute.

Q MR. WRIGHT: Well, what was the rule of the management committee?

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Dr. C. A. Allard - Wright Ex.

THE COMMISSIONER:

Mr. Steer?

MR. STEER:

This is a question of interpretation of the Statute and I believe at this time the Trustee Act applied and there is a two thirds rule in there but it doesn't confine these companies to two thirds. I wouldn't want my friend to put a proposition of Law which was not quite correct.

Q

MR. WRIGHT:

Well, I certainly stand to be corrected on the legal situation but, what was the rule of the management committee, what would you follow?

A

We would follow the two thirds rule, Mr. Wright.

Q

Yes. Now, if you look in your file you will see a statement of Mr. Hooke's assets that he made at the time of applying? It is a list, can you see it there?

MR. STEER:

It is in Mr. Matheson's file.

MR. WRIGHT:

It is undated so I can't refer you to it.

MR. STEER:

It is in the Bisset Matheson file, sir.

Q

MR. WRIGHT:

Did you find it?

A

Yes Mr. Wright.

Q

And the three parcels on which the mortgage was taken are listed in that?

A

I think there were ... yes, you are right, three parcels.

Q

Yes, parcel one was the northwest quarter of Section 14, Township 51, Range 20, west of 4 and parcel two was the southwest quarter of the same Section so really it is just

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Dr. C. A. Allard - Wright Ex.

Q (Cont.) the west half, isn't it, the first two parcels are one piece of land?

A Yes, right. I do not see that on this list of assets though Mr. Wright.

Q No, it is not in the list itself, of assets, I see it now, it is on the second page?

A Yes.

Q And on that page Mr. Hooke says that the purpose of securing a loan is to secure title to the eighty acres of the southeast quarter of Section 23, 52, 23 west of the 4th mentioned in the list and to purchase the west half of 14, right?

A Right.

Q And the purchase price is \$14,000.00, that is what he says?

A I gather to the west half, yes.

Q The west half is \$14,000.00?

A Yes.

Q Now the remaining parcel listed in there, which is the east Wyecroft property is listed at \$4,000.00 value by Mr. Hooke?

A Yes, I see that Mr. Wright.

Q Yes, so if we take the value of the west half of 14 to be \$14,000.00 then you were in effect lending \$20,000.00 on something valued by Mr. Hooke at \$18,000.00 were you not?

A Well, I have never seen this list of Mr. Hooke's assets and liabilities until we reviewed this file Mr. Wright. You will recall that the eighty acres known as east Whitecroft is not far from the land that we had previously bought in Beaver Land and for which we had paid \$500.00 an acre so

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Dr. C. A. Allard - Wright Ex.

A (Cont.) certainly our valuation for this eighty acres
would have been at least \$500.00 an acre,

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Dr. C. A. Allard - Wright Ex.

A (Cont.) and at the time that this, that this mortgage would been notogiated we were in fact selling acreage parcels within a short distance of this eighty acres for approximately a thousand dollars an acre.

Q I see.

A So that our valuation of that eighty acres would have been in the neighbourhood of forty thousand dollars.

Q Nonetheless no actual valuation was made by an appraiser?

A The value would certainly have been discussed fully in the Management Committee, Mr. Wright.

Q Yes, were you lending money on mortgages without appraisals on file?

A I think for quite a while, perhaps even after this time, we didn't have written appraisals on file but certainly no mortgage loan was ever made without a full discussion by the Management Committee as to value and as to the position of the Trust Company. No loan has ever been made from North West Trust where we don't think the Trust Company has been adequately secured.

Q May the list be the next Exhibit, 398, My Lord?

THE COMMISSIONER: Exhibit 398. Will you identify the document, please, Mr. Wright?

MR. WRIGHT: Yes, it is a list by Mr. A. J. Hooke of his assets and liabilities, it is undated, My Lord, but in connection with a mortgage that was granted in September 1959.

THE COMMISSIONER: Yes, it will be Exhibit 398.

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Dr. C. A. Allard - Wright Ex.

LIST OF ASSETS OF HOOKE
IN RESPECT TO SEPTEMBER
1959 MORTGAGE AS PRODUCED
MARKED EXHIBIT 398.

Q MR. WRIGHT: And will you look at a letter written, a copy of a letter written by Mr. Miles on the 11th of May 1959, to Bisset Matheson I think?

A Yes, Mr. Wright.

Q Did you instruct Mr. Miles to write that letter?

A No, I did not; but it probably was written after a meeting of the Management Committee.

Q Yes, this is a letter that accompanies the statement just marked as an Exhibit and therefore presumably fixes the date of the Exhibit. It is a letter dated the 11th of May 1959 from the North West Trust Company Limited to Bisset Matheson and Company My Lord; if that could be marked as 399.

THE COMMISSIONER: Exhibit 399.

LETTER, MAY 11th, 1959, FROM
NORTH WEST TRUST TO BISSET
MATHESON, MARKED EXHIBIT 399.

Q MR. WRIGHT: Now, the form of the application was that, by Mr. Hooke, evidently was that he wanted to borrow a certain sum of money and it was up to the solicitors to see what security they could find in that list that would secure it, is this it?

A From reading that letter I think that is the interpretation.

Q Yes. I think a note is referred to in that letter, is it not, that a note is required from Mr. Hooke?

A Yes.

Q Was that note ever obtained from Mr. Hooke?

3-B-3

Dr. C. A. Allard - Wright Ex.

A In reading this file, the note was never obtained.

Q Again, was this something unusual with your mortgages?

A Well, Mr. Wright, I think that as a matter of principle, that if the security does not lay in the land or the property that you mortgage, then you should not make the loan; but probably we were looking for all the additional security that we could get, and Mr. Miles evidently desired a personal note in addition: but in reading the last part of this file, which is in May 1960, the Assistant Manager was still looking for the note and he still hadn't, he still hadn't got it, and he was writing to our solicitor, Mr. Matheson.

Q Yes, if a note is required as part of a transaction it is the practice of the North West Company to get it, is it not?

A It is our practice to get all the security we ask for.

Q Yes. Well, why didn't you get it in this case?

A Well, I can't answer that, Mr. Wright. I have read this file and I discovered that in May 1960 the company was still writing to the solicitor to get this note, but it hadn't been done, and until I read this file I didn't know that it hadn't been done. Mind you, it is a matter of whether or not we were adequately secured: I would not have been too concerned whether we had a note or not.

Q Yes. Will you turn to the letter of the 10th September 1959 to Bisset Matheson from Mr. Hooke's solicitors. The 10th of September.

A There is the 8th and the 11th.

Q That is December. And this letter shows the way in which the

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Dr. C. A. Allard - Wright Ex.

Q (Cont.) money is to be paid out?

A Yes sir.

Q Yes, may that be marked as Exhibit 400, My Lord?

THE COURT: Exhibit 400, will you identify the letter for the record, please?

MR. WRIGHT: Yes, My Lord, it is a letter dated the 10th of September 1959 from Simpson Henning and Company to Bisset Matheson and Company, My Lord.

LETTER, SEPTEMBER 10th 1959,
SIMPSON HENNING TO BISSET
MATHESON, MARKED EXHIBIT 400.

MR. STEER: Sir, can the usual practice be followed with respect to these documents and the documents returned to the file, photostats obtained by Mr. Short?

THE COMMISSIONER: Yes, that is correct Mr. Steer, that is the practice.

MR. MAYNARD: Mr. Commissioner, I am confused about the Exhibit, I understood it was a letter from Bisset Matheson to Mr. Hooke's solicitors?

MR. STEER: Vice versa.

MR. WRIGHT: No, no, vice versa.

MR. MAYNARD: Vice versa, fine.

Q MR. WRIGHT: The payout, for the record, My Lord, was: to Messrs. Cormack and Dantzer, \$12,900.00; secondly, the mortgage fees and disbursements to be deducted; thirdly, \$4,120.00 to McCuaig and Company, plus a further \$10.00; fourthly, oh, fourthly, the balance to Messrs. Simpson and Henning.

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Dr. C. A. Allard - Wright Ex.

Q (Cont.) And with Bisset Matheson's letter of the 29th of September 1959 is a statement of how the money was in fact paid out?

A I have it, Mr. Wright.

Q Yes, it is a statement showing how the money was in fact paid out, it follows the course just indicated, My Lord. May that be Exhibit 401, together with the statement of payout, a letter of 29th September 1959 from Bisset Matheson to Simpson Henning, together with a statement of payout?

THE COMMISSIONER: I am beginning to wonder, Mr. Wright, as to the relevance of these documents?

MR. WRIGHT: Now, that is the last document I was going to ask to have put in, My Lord.

LETTER, SEPTEMBER 29th, 1959,
FROM BISSET MATHESON TO SIMPSON
HENNING, TOGETHER WITH STATEMENT
OF PAYOUT, MARKED EXHIBIT 401.

Q MR. WRIGHT: Did Mr. Hooke pay this loan as he was supposed to?

A You may recall, Mr. Wright, that in 1961, I think around May, perhaps earlier, Mr. Campbell approached me about purchasing this land and another parcel from Marilana Ranches. By this time the land that we had purchased or acquired through Doral Developments, which had been subdivided and which had been either largely sold or selling well, looked as though it would soon be running out, and Mr. Campbell felt that this eighty acre parcel that was in this mortgage should be subdivided and -

3-B-6

Dr. C. A. Allard - Wright Ex.

Q Yes?

A And the process continued, so that one of our companies purchased this land plus an additional parcel.

Q Yes, this was in 1961 or thereabouts?

A Yes.

Q Yes, well, the first payment was supposed to have been made on the 9th of September 1960, the first payment of principal at any rate?

A I believe that there was an interest payment before that, was there not?

Q Yes, yes, the first interest payment to be on the 9th of March 1960, that is so, is it not, I am just reading correctly from the mortgage?

A Yes.

Q The first, a payment of interest only at seven percent, My Lord, to be made on the 9th of March 1960; the first payment of principal on the 9th of September 1960. Did Mr. Hooke make those payments?

A I believe that the loan was in default after the March payment of interest.

Q So that he didn't make an interest payment?

A I believe that he did make the first interest payment, and I don't have the document in front of me, but I believe that there was the first interest payment was made.

Q Was made, I see, but the first principal payment was not?

A I think that from that time on the loan was in default.

Q Yes, and, well, the payment was not made, is that why it was

3-B-7

Dr. C. A. Allard - Wright Ex.

Q (Cont.) in default?

A Yes.

Q Yes, and so to try and settle the matter Mr. Campbell approached you to purchase this piece of land?

A Oh, I don't think that is the way it came about at all. Mr. Campbell would have approached me, as he did in the case of Beaver Land, and Doral Development, with what he thought I might consider was a good investment. I don't think I was aware whether or not this loan was in default at the time.

Q Yes, when in 1961 was it purchased?

A I could remember that day a week ago but I would have to look it up today. I think the early part of the year.

Q I see, and did it pay off the mortgage all at once?

A Yes, the mortgage would have been brought up to date, would have been discharged in the early part of 1961.

Q Yes. Would you describe this as a common sort of mortgage for your company at that time to have been making, that is to say a mortgage in which no principal would be repaid for a year?

A I don't think that would be unusual, Mr. Wright.

Q Can you cite any other examples at the time?

A At the time?

Q Yes?

A I don't have any recollection of any other mortgages at the time, Mr. Wright.

Q Yes, could Mr. Turner help us on that, do you think?

A He might. Mr. Turner was not with the company at the time.

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Dr. C. A. Allard - Wright Ex.

Q Yes, well, the answer is that you could not give such an example but perhaps, but that is not saying there might have been?

A Oh, I don't think it is uncommon, Mr. Wright.

Q I am not asking you whether it is uncommon or not, I am asking you about whether or not the North West Trust Company was accustomed to give these sort of mortgages at that time?

A Well, at this time, Mr. Wright, we certainly hadn't given a great many mortgages and we certainly hadn't written a book of rules at this time.

Q Yes. Turning to the second transaction of a loan or of a loan nature with Mr. Hooke, your counsel has been good enough to produce a mortgage combined with the purchase of an agreement for sale that took place on property on 81st Street in Edmonton and 99th Street?

A Yes.

Q Those are the approximate addresses of the security, are they not?

A One was on 99th Street I know for sure.

Q Yes?

A And the other I have a legal description here, but -

Q Those are the approximate addresses?

A Yes, Mr. Wright.

Q And will you describe the form of the transaction?

A Really there are two transactions here. One is the placing of a mortgage on the 99th Street property, which consisted of a duplex and two houses, and these were situated on a full

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Dr. C. A. Allard - Wright Ex.

A (Cont.) lot and a portion of another lot. The other transaction was the purchase and the discounting of an agreement for sale on a small apartment house. Now, I have seen, I have seen this one property, I have never seen the second, and the picture of it unfortunately is missing from this file; but there are really two transactions that went on at once here. One was the placing of a mortgage on the duplex and two houses -

Q That is the 81st Street property?

A That is the 99th Street property.

MR. STEER: The 99th Street.

Q MR. WRIGHT: Fine, all right.

A And the other one, Mr. Wright, is on 76th Avenue, I am not sure that 81st Street is an accurate description, but it doesn't matter.

Q Well, it is 81st Street and approximately 100th Avenue, right?

A Well, the address I have here is 9758 to 60 - 76th Avenue.

Q That is the 99th Street property?

A No, no, oh, no; that is the agreement for sale property.

Q That is what I was talking about, and I was corrected. The 99th Street property is the purchase of the agreement for sale?

A No, the 99th Street property, a mortgage was placed; the 76th Avenue property was the agreement for sale that was purchased.

Q Yes, do you have a copy of the agreement for sale?

A I think we do. Yes sir.

MR. STEER: It is only a photostat, Mr. Commissioner,

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Dr. C. A. Allard - Wright Ex.

MR. STEER: (Cont.) unfortunately.

Q MR. WRIGHT: Yes, and what is the legal description there?

A Lot 36 in Block 19, Subdivision Plan 3346.

Q Yes, and you say that is the 81st Street property?

A No, the address in all of these files is 76th Avenue.

Q Yes, and 99th Street?

MR. STEER: Sir -

A No, Mr. Wright, I don't see any record in our files to an 81st Street property. Now, there is a picture here of, about a property on 80th Street or 82nd, but no loan was ever made on this property.

Q MR. WRIGHT: Well, was there, were there in fact two different properties?

A There were really two transactions that went on at the same time here.

Q Yes?

A From, these documents go over a period from February in 1964 to their consummation in April 1964, and there really are two separate transactions that went on at the same time. One -

Q Yes, but my question is, are they both at the same place?

A No.

Q All right. Now, one is on 99th Street?

A Yes sir.

Q And the other, and what is the exact address of the one on 99th Street?

A Just a minute, I am getting confused, Mr. Wright.

3-B-11

Dr. C. A. Allard - Wright Ex.

MR. BOWEN: It is quite understandable.

Q MR. WRIGHT: Those pictures in your file don't relate to -

A The addresses on 99th Street are 7720 to 28, and that was one transaction; the other transaction, the address was 9758 to 60 - 76th Avenue, and this was the agreement for sale.

Q I see, called the Flowers Agreement for Sale, isn't it?

A That is correct.

Q Did you have appraisals of either of those properties?

A Well, again, in the case of the 99th Street property, this was an area that some of us on the Board of Directors were very familiar with because about this time one of my companies purchased and built a building within, on 99th Street, which we still own, on the corner of Whyte Avenue, and presently housing a bank, a chartered bank and a finance company, so that we knew the area well, and one of the reasons we were interested in the area is about this time 99th Street was made a fairly major thoroughfare by hooking it up with the Calgary Trail, which hitherto this connection did not exist, so that 99th Street was of interest to me quite apart from this property because we at the time purchased, about this time, purchased and built a building within a few blocks of this property on the corner of Whyte Avenue, which we still own and which still exists: so that certainly on the Board of Directors we felt that we were knowledgeable about this property. At the time I don't think we had a written appraisal on either one of them, although Mr. Turner had seen and

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Dr. C. A. Allard - Wright Ex.

A (Cont.) inspected both properties at the time these transactions went on, and would have reported to the Board of Directors either himself or through Mr. Elliott, and while there may not have been any written appraisal on file at the time, certainly Mr. Turner, who is an accredited appraiser, would have seen them and would have reported to the Board of Directors.

Q But there was no written appraisal?

A No sir.

Q And what were the properties appraised at in value then?

A The property on 99th Street we felt was a valuable corner and was worth at least twenty thousand dollars.

Q Yes, and that was, the address of that, just to make sure I have got it quite right, is 7720 - 99th Street?

A Yes sir.

Q And it was on the strength of your, the Management Committee's information, appreciation of the facts which you think gave a value of twenty thousand dollars that that loan was made to Mr. Hooke?

A Well, as you know, Mr. Wright, from reading the file, we took additional security. In addition to -

Q All right, but that was part of the security, this property which you valued at twenty thousand dollars?

A That is correct.

Q And the additional security was?

A A deposit, a guaranteed investment certificate I believe, of, at the North West Trust Company, a cash deposit of ten

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Dr. C. A. Allard - Wright Ex.

A (Cont.) thousand dollars on deposit for a year.

Q Yes. Yes, but this was all part of the loan, was it not?

A This was part of the security for the loan.

Q Yes, he didn't put up the ten thousand dollars, you loaned him the ten thousand so that he could buy the certificate?

A Oh, I don't think that is quite accurate, Mr. Wright. As I say, there were two transactions going on here at once.

Q Yes?

A And we purchased the agreement for sale for seventeen thousand dollars.

Q Yes, yes, can we just deal with the mortgage for the time being?

A Yes sir.

Q And the mortgage was on this 99th Street property?

A That is correct.

Q Yes, and the instructions for it are set out in a letter there, are they not, the 18th of February 1964, from the company to, I think Mr. Burger, I think, B-u-r-g-e-r, yes; do you have a copy of that letter?

A What was the date again, please?

Q The 18th of February 1964?

A Yes, sir, I have it.

Q And that correctly sets out the instructions?

A Well -

Q At any rate those were the instructions?

A Those were the instructions, right.

Q And the amount of the mortgage on the 99th Street property

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Dr. C. A. Allard - Wright Ex.

Q (Cont.) is thirteen thousand dollars?

A That is correct.

Q But ten thousand of it is to be kept at the North West Trust Company?

A Well ten thousand dollars, not necessarily of this mortgage but ten thousand dollars of Mr. Hooke's was to be kept as collateral security.

Q Well, in point of fact the ten thousand dollars was paid out of this loan to buy the certificate, was it not?

A I am not sure about that, Mr. Wright.

Q Can that letter be marked, My Lord, 402.

THE COMMISSIONER: Will you identify it, please?

MR. WRIGHT: Yes, a copy of a letter from R. K.

Turner, Manager of the North West Trust Company to Amerongen and Burger, dated the 18th of February 1964.

THE COMMISSIONER: Exhibit 402.

MR. WRIGHT: 2 or 3, My Lord.

THE COMMISSIONER: 402.

LETTER, TURNER TO AMERONGEN AND
BURGER, FEBRUARY 18th, 1964,
MARKED EXHIBIT 402.

Q MR. WRIGHT: The ten thousand certificate was in fact purchased with the proceeds of that loan, was it not?

A Well, I don't, I think we'll have to go to the documents on that, Mr. Wright. I think that the ten thousand certificate really arose out of the purchase of the agreement for sale.

Q Well, perhaps we can turn to -

MR. STEER: Well -

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Dr. C. A. Allard - Wright Ex.

THE COMMISSIONER: Mr. Steer?

MR. WRIGHT: I am sorry.

MR. STEER: No, my friend is going to turn I believe
to the document, I was going to mention it.

Q MR. WRIGHT: A letter of the 6th May 1964, from
Amerongen and Burger to the North West Trust Company?

A The 6th of May, yes, I have it.

3-M-1

Dr. C. A. Allard - Wright Ex.

Q With that letter there is a statement dated the 1st of May, 1964, showing the pay-out on the two transactions, is there not?

MR. STEER: Here it is.

A Yes.

MR. WRIGHT: Can that be 403, my Lord, please?

MR. STEER: Which is that? The statement of affairs?

MR. WRIGHT: Well, it is a letter dated the 6th of May, 1964 -- . Perhaps I better -- I thought that letter had included the statement -- so the letter can be 403, if your Lordship pleases, and the statement of the transaction dated the 1st of May, 1964, 404.

THE COMMISSIONER: Can you identify the letter, please, for the record?

MR. WRIGHT: The letter is from Amerongen and Burger to the North West Trust Company, dated the 6th of May, 1964, reporting on the transaction; and the statement 404 is dated the 1st of May, '64, statement of receipts and disbursements of trust funds.

THE COMMISSIONER: The letter will be Exhibit 403, and the statement Exhibit 404.

LETTER FROM AMERONGEN & BURGER TO
NORTH WEST TRUST, DATED 6th MAY 1964,
IS MARKED EXHIBIT 403.

STATEMENT OF RECEIPTS AND DISBURSEMENTS,
DATED 1st MAY, 1964, IS MARKED
EXHIBIT 404.

Q MR. WRIGHT: Now, to get back to my question, Dr.

3-M-2

Dr. C. A. Allard - Wright Ex.

Q (Cont.) Allard, you have looked at that statement 404?

A Well, I have just found it, you understand Mr. Wright -- .

MR. WRIGHT: M-hm.

MR. CLEMENT: 403?

MR. WRIGHT: 404.

A Thank you. Yes, Mr. Wright?

Q In that statement the credits are on one side and the debits on the other in the usual way, and on the credit side is the \$13,000.00 proceeds of mortgage -- .

A Well, on one side, yes.

Q Yes.

A Yes.

Q And next to it is the \$17,000.00 proceeds of the purchase of the agreement for sale.

A Yes.

Q Then, on the other side, the first item is "Deposit to the credit of Mr. Hooke's account" in the North West Trust Company, \$10,000.00.

A Yes sir.

Q So that the \$10,000.00 was paid out of the two transactions together.

A Right.

Q Yes.

A Right.

MR. STEER: Perhaps the documents really speak for themselves, sir.

MR. WRIGHT: Yes. If the --- well, if the value of

3-M-3

Dr. C. A. Allard - Wright Ex.

MR. WRIGHT: (Cont.) that 99th Street property was considerably less than \$20,000.00, it would not have been right for you to mortgage it, I suppose.

A No, if that is correct, we certainly -- if we were to follow our two-thirds rule we would have to have a value of about -- .

Q Yes, that's right, so that the \$10,000.00, you are saying, didn't come out of the thirteen thousand?

A Well, it came out of these two transactions -- these two transactions, as you can see, merged, Mr. Wright.

Q Yes.

A And the -- no, I think the \$10,000.00 really arose out of the purchase of the agreement for sale, but they merged at this point.

Q And so you were simply mortgaging the 99th Street property for \$13,000.00 in the ordinary way?

A Not really. In reviewing this file I see that the mortgage was a one-year mortgage -- which is unusual, and -- .

Q Well, so far as the security was concerned, then?

A No, in addition to the mortgage we took an assignment of this \$10,000.00.

Q Yes. Now, if your valuation in 1964 was \$20,000.00, how is it that in respect of the same property one year later, Mr. Turner appraised it at \$12,000.00, the document for that being in your file?

A Well, I found that out very recently, Mr. Wright, and apparently sometime after this in order to assist our

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Dr. C. A. Allard - Wright Ex.

A (Cont.) auditors Mr. Turner and his assistant Mr. Summers went through all our mortgage files in which there were no written appraisals, and they did appraisals, where necessary by inspecting the property, and where not necessary by simply reviewing the documents on hand; and I understand from Mr. Turner that this appraisal was put in sometime subsequent to all these events, and merely to satisfy our accountant, and they did the appraisal on the premises of the North West Trust Company, and they merely put enough on that particular appraisal to justify the advance at the time of \$7,000.00; and I don't think -- Mr. Turner will be able to confirm this to you -- but I don't think that this reflected the value of the property, nor did he intend it to reflect the value of the property.

Q I see; so that it is misleading to take that literally; is that what you are saying?

A It is misleading to take that literally without knowing the time that it was made and the purpose for which it was made.

Q Because he says the houses and the apartment building have a value of approximately \$2,000.00 each, and the lot which has 132 feet fronting on 99th Street, a main artery, is worth \$6,000.00, giving a total of \$12,000.00 -- because there are two houses and one apartment building. You don't think he really meant that?

A As I say, Mr. Wright, he explained to me that this appraisal was done some considerable time after all of these transactions

3-M-5

Dr. C. A. Allard - Wright Ex.

A (Cont.) had taken place; they were done with what he estimated were fifty other files at the time, in order to make the auditor's work easy.

Q Are you suggesting, though, that there was nothing exceptional about this loan, then, to Mr. Hooke -- partly loan and partly purchase of the agreement for sale?

A Very definitely I am suggesting it, Mr. Wright. I believe that these loans were well secured. In the case of 99th Street, not only did we have a first mortgage on a lot that I considered worth \$20,000.00, but we had additionally \$10,000.00 in cash. There was no way that North West Trust could have lost five cents on that loan.

Q The agreement for sale that was purchased was not marked, my Lord.

THE COMMISSIONER: Can you identify it, please?

MR. WRIGHT: Yes -- I don't have a copy of it.

A I have one, it is a copy.

Q Just give it to me and I will identify it. This is a photocopy of an agreement for sale between Alfred John Hooke and Archie Earle Flowers -- Earl is spelled E-a-r-l-e-- dated the 1st of June, 1962, of Lot 36, Block 19, Plan 3346P -- for Peter ---. On the exhibit someone has written in the street address -- "9758-60 -- 76th Avenue."

THE COMMISSIONER: Exhibit 405.

MR. WRIGHT: And the price was \$34,906.50.

AGREEMENT FOR SALE, HOOKE TO FLOWERS,
1st June, 1962, IS MARKED EXHIBIT 405.

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Dr. C. A. Allard - Wright Ex.

MR. WRIGHT:

And the appraisal of the 99th Street property can be the next exhibit, my Lord, please. This is an undated appraisal of 7720-99th Street, signed by R. K. Turner, and the amount is \$12,000.00.

THE COMMISSIONER:

Exhibit 406.

APPRAISAL RE 7720-99th Street,
IS MARKED EXHIBIT 406.

Q

MR. WRIGHT: Do you have an application for this loan, the '64 loan?

A

I think you are as familiar with the file as I am, Mr. Wright; if you didn't find one there probably isn't one there.

Q

So, once again, there was no application then so far as you know?

A

So far as I know from reviewing the file.

Q

Are you saying that this again is not unusual, even in 1964?

A

I think that Mr. Turner will be able to answer that question better than I, Mr. Wright. I am --- at our directors meetings where loans are approved I am not sure whether we look at too many application forms or not. I think that we asked Mr. Turner a great many questions, but as a general -- .

Q

Do you have a copy of the mortgage that was placed on the 99th Street property, in '64?

A

Yes -- wait a minute -- .

MR. STEER:

No, we haven't got that. No, there

3-M-7

Dr. C. A. Allard - Wright Ex.

MR. STEER: (Cont.) is a duplicate of a discharge of that mortgage, so that mortgage would be in the Land Titles Office.

Q MR. WRIGHT: Yes. That mortgage was discharged a year later?

A That's right.

Q And you don't have a copy of it at all, then?

A Evidently not in these files, Mr. Wright.

Q You do have a copy of the -- the pay-out, according to the North West Trust Company records of the \$13,000.00 though, do you not?

A Yes, I believe this is it.

Q It says "Commencing April 15th, 1965" at the top.

A Yes, that's it.

Q And that shows that the \$10,000.00 was in fact paid out of the \$13,000.00 advanced on this mortgage?

A Yes sir.

Q Exhibit four -- ?

THE COMMISSIONER: 407.

PAY-OUT RECORD RE 99th STREET
PROPERTY, IS MARKED EXHIBIT 407.

Q MR. WRIGHT: Did Mr. Hooke make his payments under that mortgage, the 1964 mortgage on the 99th Street property?

A Oh, I believe I remember some correspondence here where it was in arrears, Mr. Wright.

Q Yes.

A But I think that -- not for a long period.

3-M-8

Dr. C. A. Allard - Wright Ex.

Q It had to be refinanced in 1965, did it not?

A I don't know whether it had to be refinanced in 1965.

It was refinanced in 1965. The \$10,000.00 collateral security was applied against it, and a new mortgage was registered in the amount of \$7,000.00, I believe, in June 1965.

Q Now, the mortgage in 1964 was subject to an existing mortgage, which was paid off according to the statement which has already been made an exhibit?

A The mortgage was subject to an existing mortgage?

Q I'm sorry -- the land that was mortgaged was, before the mortgage was entered into, subject to an existing mortgage?

A Yes, I believe that's right, in reviewing the documents, but I think I recall that there was a mortgage balance owing to another company of somewhere around \$11,600.00 -- .

Q Yes.

A -- and that there were some unpaid taxes, probably in the neighborhood of \$2,000.00.

Q Yes. The agreement for sale that was purchased was also subject to a mortgage, though, was it not?

A Yes, that's right.

Q And that mortgage wasn't discharged?

A No sir.

Q So that the trust company in that case occupied a second position?

A It occupied a second position, but with a relatively small

3-M-9

Dr. C. A. Allard - Wright Ex.

A (Cont.) first position ahead of it.

Q It was in the neighborhood of what? \$4,000.00?

A As I recall.

Q And the total owing was what, at the time that you purchased it?

A I believe that the original agreement was in the neighborhood of thirty-four or thirty-five thousand, and under the agreement \$25,800.00 was left owing, under the agreement.

Q Yes, and the first mortgage was on top of that?

A Probably, yes.

Q Yes; in other words, the amount owing by Mr. Flowers at the time of purchase was approximately \$30,000.00 or \$29,000.00? \$4,000.00 approximately was owing to the mortgage company and nearly \$6,000.00 to Mr. Hooke --- \$26,000.00 to Mr. Hooke?

A Yes.

Q And you purchased his equity for \$17,000.00?

A Yes.

Q And was it your practice to take a second position on a title?

A Only if the second -- only if the first position was small.

Q Yes?

A And if the -- if our security together with the first security would approximate 66 2/3%.

Q Yes, but once again there was no appraisal of this property?

A No, Mr. Turner inspected this property.

3-M-10

Dr. C. A. Allard - Wright Ex.

Q Yes, but there was no written appraisal?

A No, we had no written appraisal at the time, but --- .

Q In fact, the company lost money on that one, didn't it?

A In the end we did, and I think unnecessarily, in retrospect, Mr. Wright.

Q I see, but the fact is that the market when you came to -- .
You had to foreclose, I gather?

A No, I think that shortly after this transaction took place --
and again this is all secondhand information, because I
have had to get it all from Mr. Turner and from the other
officers of the trust company -- but shortly after this
transaction took place several things happened: one,
the rental market in Edmonton was not good, and we were
aware of that, of course, from the management of other
properties, and I think that Mr. Flowers had other
problems of his own, but anyway, at any rate he very
quickly went into default, and I know that the officers of
the trust company and Mr. Turner were very concerned about
it; and we didn't foreclose -- I think that they talked
to Mr. Flowers and they worked out an arrangement where
we purchased some chattels and furnishings that he had
in order that we could acquire full title as quickly as
possible and take over the management and the disposal.
Now, I think that the trust company were in too big a hurry
to dispose of this property. They sold it the same year that
we got a quit claim from Mr. Flowers, and within a few
months -- .

3-M-11

Dr. C. A. Allard - Wright Ex.

Q Yes. When did you get the quit claim?

A I'll have to look that up. Do you know, Mr. Wright?

Q No, I don't.

MR. STEER: I could perhaps assist.

Q MR. WRIGHT: The files are here -- I thought they had all been taken to Dr. Allard. The quit claim is dated the 24th of August, 1964.

A M-hm.

Q And it quit claims the premises to the North West Trust Company in consideration of a payment of \$1,500.00. The next exhibit, my Lord, please?

THE COMMISSIONER: Exhibit 408.

QUIT CLAIM RE FLOWERS PROPERTY, IS
MARKED EXHIBIT 408.

Q MR. WRIGHT: And it turns out that the fifteen hundred dollars was for some furniture -- or chattels, at any rate.

A Yes sir.

Q So, it was nothing to do with the real property itself?

A Well, I imagine that some consideration may have been given to getting these things wound up in a hurry.

Q Yes, and there is a bill of sale of the same date, and that is the 24th of August, 1964, showing that \$1,500.00 was paid for the chattels listed there --- stoves, refrigerators, furniture. The next exhibit -- ?

THE COMMISSIONER: Exhibit 409.

BILL OF SALE RE FLOWERS PROPERTY, IS
MARKED EXHIBIT 409.

3-M-12

Dr. C. A. Allard - Wright Ex.

Q MR. WRIGHT: There wasn't -- there weren't two payments of \$1,500.00, there was just one payment of \$1,500.00 to Mr. Flowers?

A Just one payment.

Q Yes; so from the --- would it be true, then, that almost from the start there was difficulty with Mr. Flowers' payments?

A Yes.

Q Did you make any enquiries about the good standing of the agreement for sale at the time it was purchased from Mr. Hooke?

A Yes, I did. I think it was in good standing at the time that we purchased it -- in fact on reviewing the documents --.

Q Had he been paying Mr. Hooke -- is that what your enquiry showed?

A Yes sir, and he had been making payments on the first mortgage.

Q Yes. Well, how much did you then sell the premises for?

A The final sale price was \$19,500.00.

Q Yes, and you had paid out by this time how much then?

A Well, we paid out the initial seventeen -- .

Q Yes?

A -- and we paid out fifteen hundred to Mr. Flowers, and we probably paid out the first mortgage -- we did pay out the first mortgage.

Q I see; and how much did that stand at when you paid it out?

A Well, I don't know -- I guess about four thousand -- roughly

3-M-13

Dr. C. A. Allard - Wright Ex.

A (Cont.) \$4,000.

Q And when was this?

A When did we -- ?

Q Yes, finally sell it?

A Well, let's see --- in the fall of that same year, I guess.

Q In the fall of '64?

A Well, I had better look it up, Mr. Wright --- oh, 1965.

It looks like it was completed in July or August of 1965,
Mr. Wright.

Q Yes, and I presume that your company got the best price it
could at that time?

A I would hope so.

Q Yes, so that in a year, something which you were prepared
to buy on the basis of \$29,000.00 being owing on it, had
in a year dropped about \$10,000.00?

A Well, we lost about \$2,500.00 on this transaction, Mr.
Wright.

Q Yes.

A I recall all the circumstances that -- at the directors
meeting quite vividly. We were upset, naturally, that these
payments suddenly ceased to be made.

Q Yes.

A And we gave directions that this thing be taken over as
quickly as possible and good management be put in.

Q But when the loan was granted, or when the purchase was
made, Dr. Allard, what did the company value the place at?

This is in May of '64.

3-M-14

Dr. C. A. Allard - Wright Ex.

A We felt that -- .

Q May of '64.

A I think that when we placed a value of \$17,000.00 on it, we thought we were making a very good buy, because the return to the trust company would have been somewhere around nine or ten percent.

Q Yes -- I'm sure we understand what you are saying, but my question was: what was the place itself valued at?

A The total property?

Q M-hm?

A The total property?

Q Yes, in 1964, by the North West Trust Company.

A I don't know whether we approached it from that point of view.

4-P-1

Dr. C. A. Allard - Wright Ex.

Q Didn't you consider what the value of the property was in order to see whether you would be exceeding two thirds of it in lending your money?

A Well of course, Mr. Wright, you probably will recall that by this time the Trust Companies Act had a section in it, I have forgotten the number but I believe it is 120, which allowed the trust company to invest its capital funds over a certain amount required to be an approved corporation at the discretion of the Board of Directors so that the rules for investing this portion of our capital did not need to comply with the Trustee Act.

Q Well, are you saying this was a loan of capital or a purchase by the North West Trust Company from Mr. Hooke, using its capital assets?

A Well it may well have gone into that section of our assets. You see, our capital by this time was probably in the neighbourhood, I am guessing, but I would say in the neighbourhood of \$2,000,000.00.

Q That wasn't quite my question Dr. Allard, excuse me for interrupting, it wasn't quite my question. My question was, what monies did you use, did you use trust funds or capital?

A I can't answer that Mr. Wright.

Q Mr. Turner perhaps can?

A Possibly or our accountant could tell us where to find it.

Q Yes, but I am asking what money was used?

A I don't know.

Q You have two separate accounts, obviously?

4-P-2

Dr. C. A. Allard - Wright Ex.

A Yes.

Q You are suggesting that this purchase may have been made with North West Trust's own money?

A Well it could have been but, in any event Mr. Wright, our policy would have been to stick within the two thirds value.

We wouldn't have one set of rules that we thought were prudent on the one hand and abandon on the other. We still like to feel that the value we purchased this for, together with the first encumbrance did not exceed two thirds of value.

Q Yes, all right, well then we are back to the question, what did you value the place at when you bought this property from Mr. Hooke?

A I think that Mr. Turner can answer that question but undoubtedly we would have been influenced by the price the purchaser paid for it.

Q Yes, that is one of the considerations?

A And he paid \$34,000.00 and he had kept his payments up until the time that we purchased it, both his mortgage payments and

--

Q Are you sure of that?

A I checked it out and I am sure this is correct.

Q Any idea why he stopped all of a sudden?

A No I don't Mr. Wright.

Q Yes?

A I wish I did.

Q But there was no appraisal made of the place?

A Yes there was an appraisal made, Mr. Turner went out and

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Dr. C. A. Allard - Wright Ex.

A (cont.) inspected the property.

Q No written appraisal?

A We don't have a written appraisal on the file.

Q What did he say the place was worth?

A I don't recall but he is available and certainly Mr. Turner would have had, his opinion would have been given a good deal of consideration in arriving at the price of \$17,000.00 to purchase this.

Q Was this a decision of the management committee per se?

A At this time we had abolished the management committee and the full Board of Directors considered these loans.

Q And this was considered by the full Board of Directors?

A Yes sir.

Q Did Mr. Hooke talk to you about it, about the transaction?

A No, I think that I may have said to Mr. Hooke that if he had any problems to talk to them in the trust company but I did not discuss this transaction with Mr. Hooke beyond that and certainly not after it got into the mechanics.

Q Yes, had you sent him along at this time to see what the trust company could do?

A I don't recall that I did.

Q Might you have done?

A I might have done.

Q Yes, is it the policy of the trust company to lend to prospective mortgagors who defaulted in the past?

A Certainly we do not consider that the default in the case of Marilana Ranches was a serious one.

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Dr. C. A. Allard - Wright Ex.

Q Well, there had been default though?

A Yes there had.

Q But my question was is it the policy to do so?

A Well, we haven't got a written book of policy yet Mr. Wright
I hope as time goes on we may develop one, I am not even
sure I hope that because sometime ...

Q Yes, the fact that the ... well, I will rephrase the
question; could anyone come in off the street in this sort
of circumstances and got that loan or that purchase?

A I think so Mr. Wright.

Q Without a written appraisal?

A Yes, this was certainly not an exception for Mr. Hooke. In
the early years we did not have written appraisals and as I
explained to you ...

Q This was in '64 which isn't the early years, exactly?

A No but even now this appraisal that Mr. Turner put in this
file and which you put on record was an appraisal which as
he explained to us was done subsequently to all of this.

Q And here again there was no written application?

A No sir, at least not to my knowledge.

Q In 1964, surely by 1964 this would be unusual Dr. Allard?

MR. CLEMENT: We are well past the adjournment
time sir if it is convenient.

MR. WRIGHT: I beg your pardon, sir.

THE COMMISSIONER: Yes, we will adjourn at this point.

MR. CLEMENT: May I say something, sir?

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Dr. C. A. Allard - Wright Ex.

THE COMMISSIONER: Yes.

MR. CLEMENT: I have asked Mr. Parker, the Councillor of the County of Strathcona to come back here at nine o'clock. He is in a difficulty about having to attend a meeting of the Municipal Districts and the like which is going on, it is a very great convenience to him if he could give his testimony at nine o'clock. I don't want to interrupt counsel particularly but if it doesn't inconvenience Dr. Allard or counsel for Dr. Allard to come back a little later tomorrow morning, we could get this done. Is that bad?

A Well Mr. Clement, I have taken this morning off and I have got several cases in hospital and certainly I want to accommodate this Commission but if I am to come back tomorrow --

MR. STEER: Would eleven thirty be better?

A That would probably be helpful.

MR. STEER: Would this be satisfactory Mr. Clement?

MR. CLEMENT: Well yes, as far as I am concerned, I assume perhaps we can get on with Mr. Turner in the interval.

THE COMMISSIONER: That will be fine then doctor at eleven thirty. We will adjourn until tomorrow morning at nine.

(The Hearing stood adjourned at

1:10 P.M.)

